

# **DECENTRALIZATION OF AUTHORITY AND ORGANIZATIONAL CULTURE IN DEVELOPMENT PROJECTS**

**ABSTRACT  
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## **Preface**

Despite billions of dollars spent through development projects on development assistance each year, there is still very little known about the actual impact of these projects (Baker, 2000). There are only very little reports about how these development activities are managed. Could the projects be better managed to achieve the intended objectives? Are the human resources spent effectively? These type of questions can only be answered through in-depth studies which measure the implementation processes and design of the implementing organization in isolation of other possible factors.

In the case of development projects, in addition to the factors such as project duration, method of implementation, sequencing of activities, levels of implementation etc., some other factors too exert influence on the project's impact. Hence an attempt is made in this study to examine how influential are other factors like organizational culture, style of management, staff participation in planning and decision making etc..

It is suggested here that the above-mentioned elements and the like ones are positively related with authority decentralization and have direct impact on the performance of the projects. Even the guidelines of international development projects also stressed the importance of participation of implementing personnel in all levels including planning phase (www.tibet.com 2006). This study has therefore concentrated upon the issues of practice and methodology in order to examine how development projects go about promoting employee participation in decision-making, planning, and goal setting and what successes they have had through this. Since the concept of decentralization of authority is been widely appreciated in the current era, this study has given special thrust for decentralization of authority through out the study.

The purpose of the study was not to develop a single formula of practice, but to review various practices and results of authority decentralization, employee participation etc. widely across projects, and to see what styles and models are emerging from these projects to promote employee participation in planning and decision making through authority decentralization for leading the organizations to success.



## **1. Introduction**

**1.1. Organizational Culture:** Organizational culture is one of the major issues in organization theories in academic research as well as management practices – a belief that cultural dimensions are central in all aspects of organizational life being the reason for this. The increase in importance of the concept of organizational culture is evidence of a paradigm shift, which tells that management is becoming interested in invisible aspects of organization such as shared systems of belief, attitudes, values etc.. Schein (1986) argues that ‘if we take culture seriously, we will help the managers recognize cultural assumptions dominate managerial decisions and not just about style and people.’

**1.2. Decentralization of Authority :** Decentralization of authority was initially introduced in many colonies as a strategy to prolong colonial rule (Slater, 1989). But the participatory or decentralized approach to development activities is now favored by most bilateral and multilateral aid organizations. (Platteau, 2002). New strategies based on the idea of decentralized or participatory development have gained increasing currency among international organizations (including World Bank and the European Community) and other major bilateral aid institutions. Though the idea is anything but new (it has been implemented for a long time by non-governmental organizations, especially in Asia and Latin America), big donor agencies have embarked only recently upon participatory programmes that deserve their name because they are grounded in operational guidelines especially designed to enhance participation (ILO, 2001).

Decentralization is spreading throughout the world in response to the growing forces of democracy and popular movements (World Bank, 1999). Indeed, decentralization has become a mantra among policy makers and international agencies (Mukundan, Bray, 2000). These individuals and bodies commonly assert that decentralization can facilitate better management and governance and thus improve efficiency and enhance relevance (Mukundan, 2003). Devising successful decentralization is a complex process as it involves risk. Yet this process is critical to development. Over time, decentralized systems should allow for a more wide-ranging sense of ownership of policies and programmes (Franke and Chasin, 1994), as lower-level employees are also accountable

for results and move to higher posts, bringing an enthusiasm for the consensual and responsive modes of governance that tend to develop in decentralized systems.

**1.3. Development Projects:** The concept of development projects is currently accepted and applied at international, national and regional levels (Platteau, 2002). It is widely seen as a vehicle for achieving development in various sectors in the coming era also. As the concept of development projects is different from other institutions and organizations, it is required here to explain the concept. Development projects are basic instruments of intervention to bring about some form of change and means by which external assistance is brought to influence the development of a particular area or region (Oakley, 1991). A majority of development agencies functions based on projects and it is by means of such projects that they ask to promote people's participation.

Normally, a programme is of a higher order, designed with a broader canvas of objectives and aimed at benefiting a greater number of people in a larger area of space, stretched over a longer span of time. A project, on the other hand, is part of a programme with specific objectives, limited target coverage, operating in a selected area and spread over a shorter period (World Bank, 1996). A development project refers to the schematic framework, comprising a series of schemes and activities, aimed at the progress of poor and backward communities (Nyerere, 1986).

## **2. Review of Literature**

### **2.1. Studies related to Decentralization of Authority**

McClelland (1975) pointed out that because the workers reciprocate the authority they receive from the organization, those who receive more will reciprocate more by showing positive attitudes and job satisfaction and thus authority levels are positively related to outputs.

Herman (1975) commented that the role of employees in planning and decision-making as a result of authority decentralization are directly related to performance. Other studies viz., Schneider, Benjamin, (1987), showed that job involvement and organizational commitment are additional attributes that are positively related to authority level.

Research indicates that a key to successful decentralization is to have some mechanism in place to ensure conformity with organizational norms, rules, and values in the decision-making process. This conclusion tends to be supported by the work of William Ouchi in his classic Theory Z.(Ouchi, 1981).

Another study, which suggested a relationship between organizational positions and need satisfaction is that by Nahta (1986). In her study Nahta A, observed an influence of power on organizational culture as he found that different organizational levels have distinct cultures within the total culture.

Ramachandran and Dimri (1991) stressed that if the development priorities in the plan could be based on the priorities given by all groups of employees, the planning process would be participatory in the real sense of the term and would be ideal for development projects. Maddick (1993) argues that the focus on multi-level decentralized planning as a forceful developmental instrument is essential.

Fiske (1996) suggested that central authorities should concentrate on setting goals, generating resources, targeting resources to meet special needs, and monitoring performance, while everyday management is best devolved to lower level authorities. Bourgault and Dion (1993) advocated that organizations must emphasize meticulous micro-planning at all levels, from the total organization to the individual employee involved in the decision-making process.

Various action research groups like Multiple Action Research Group (MARG) also concluded that sustained development can only be achieved when powers to function are given to its members at the implementation level ( Sharma, 1996).

A study, which examined the difference between the impacts of centralization and decentralization, was that done by Bhargava and Kelkar (2000). In that study they found out that centralization was positively related to job involvement but negatively to job satisfaction and empowerment.

There are also studies those emphasize relevance of democratic leadership for organizational success. Suganthi and Samuel (2004) proved that to be successful

organizations should develop quality culture, which can be inculcated by spread of vision, proactive culture, satisfy others, value addition, mutual understanding and democratic leadership.

## **2.2. Studies related to Organizational Culture**

Organizations in which a culture of the 'right kind' has been developed will achieve a higher performance (Ouchi, 1980) and culture has a positive function. A study conducted by Kotter and Heskett (1982) of Harvard Business School confirms a positive correlation between culture and financial performance of an organization and suggests that a positive organizational culture will enhance overall performance of an organization.

Denison, (1984), Trice and Beyer identified organizational culture as one factor that has received much attention in organizational behavior (1984). Blake and Mouton (1976) concluded that culture is an important force that holds organizations in a given form over a period.

Weiner (1988) tells that 'wrong values make the culture a major liability'. In marketing literature also it has been given importance due to the key role it plays in determining levels of organizational outcomes (e.g., Deshpandé and Webster, 1993). Schein (1990) and Hofstede et al., (1990) also related organizational culture with that of productivity of the organization. O'Reilly et al (1991) studied culture to develop a measurement instruments identifying dimensions of organizational culture, where organizational culture has been the focus of both quantitative and qualitative studies.

There is a remarkable difference in the value practice between organizations. The 'value difference' is related to organizational culture was described by Hofstede (1991) and others. Several studies, viz., Bartol and Martin (1991) also suggested a relationship between value practice and nature of the organization. Harrison and Stokes (1992) suggested that in addition to values, the culture is the distinctive constellation of belief, work styles and relationships; that distinguish one organization from another. Concentrating on Japanese firms, Deshpandé et al. (1993) found that

higher levels of business performance were most closely associated with a market culture and an adhocracy culture.

Other studies (Marcoulides and Heck, 1993) have concluded that the values that characterize an organization's culture significantly affect performance without specifying which values are most closely associated with an organization's outcomes. Bhatnagar and Bhandari (1993), from their study on employee's perception about organizational culture revealed that culture is a crucial organizational variable in facilitating the change process and that hierarchy was the pre dominant culture form. Deshpandé, Farley, and Webster, (1993) also proved a strong inter relationship between values and culture in the organization.

Marcoulides and Heck, (1993); Chatman and Jehn, (1994) related organizational culture and organizational behaviour. Kitchell, (1995) also proved a strong inter relationship between values and culture in the organization. Pareek (1997) explored the situations in which the distribution of power could be used to classify organizational cultures, and he classified the culture into four categories, viz., autocratic, bureaucratic, technocratic and entrepreneurial.

Tripathi et al found that 'culture has a positive impact on an organization when it points behavior in the right direction' (2000). The observed key elements of micro-level behavior include the decision-making and coordination behaviors in addition to a risk-taking attitude as recommended by Rohmetra (2000). In his study, 'cultural values' at the project team level are defined by how project employees participate in the decision-making process, coordinating decisions through authority decentralization etc.

Where as Srivastava (2001) has confirmed that that there is a strong relationship between the values practiced in the organization and its nature. Trompenaar, (2004) also described organizational culture in terms of value difference. While arguing that culture can exert a powerful effect on individual as well as organizational performance, Aggarwal (2005) proposed that culture has very powerful consequences, especially when they are very strong.

### **2.3. Studies related to Organizational Effectiveness**

A Study conducted by Kotter and Heskett (1982) confirms the positive correlation between culture and performance. Denison (1990) proved an association between culture and organizational effectiveness. Gotwon (1992) supported this finding by saying that the strength of culture is predictive of short-term effectiveness.

Parasuraman (1995) suggested some criteria, mainly efficiency in meeting targets and good reputation, which this study has used for measuring overall organizational effectiveness. Bernard (1995), however does not agree the impact of organizational culture exclusively on effectiveness and says that 'do not seem to indicate a relationship between culture and the short-term effectiveness of organizations, much less to show a casual relationship between culture and effectiveness'. Their study additionally proposes that a culture of adaptability and not stability is indicative of long-term effectiveness. Juechter et al (1998) also propagate the view that organizational culture is the key to lasting, positive change and high effectiveness.

According to Saffold, (1988) effectiveness is a function of consistently translating and integrating core values and beliefs into constructive policies and practices. Daft (2001) commented that most contemporary managers believe that happy, committed and actively involved employees and a positive corporate culture are important measures of internal organizational effectiveness.

Another finding of Daft suggested that 'organizational effectiveness is difficult to measure', and we do not have a common criteria to measure qualitative and quantitative effectiveness of the organizations. Sulaiman (2001) suggests that effectiveness is a multifaceted concept and that it comprises five factors namely; work skills, work enthusiasm, job performance, work duties, and readiness to innovate. Cabrera et al (2002) says that organizations could expand the concept of effectiveness to include contributions towards building the organization's strategic capabilities. Where as Yuk et al (2003) propose a holistic model of workplace effectiveness that includes performance in four domains; Task, Citizenship, Emotions and Ethics.

The above review of literature reveals that many studies were undertaken to demonstrate a relationship between organizational culture and other variables. Some studies were also conducted on the relationship between decentralization of authority

and other variables, mainly in the sector of public administration. However, the researcher could not find any study that was carried out to demonstrate a relationship between decentralization of authority and organizational culture in organizational set up like development projects. Moreover, no serious attempts were done to explore the possibility of relating these elements to organizational effectiveness. Hence there is a gap is observed in this important sector. The present study, therefore, is undertaken to fill up this gap of knowledge.

### **3. Methodology**

A study was proposed to investigate factors that may influence organizational effectiveness of development projects and was identified that two major factors that could function as either enhancers or detractors of organizational effectiveness of the projects are an organization's culture and its predominant style of management (whether authority is centralized or decentralized). Hence, these factors needed to be investigated within the context of development projects working in the government sector in order to determine how these organizations' culture and effectiveness are related to degree of decentralization of authority. For the purpose, an in-depth study of these issues was suggested and an exploratory research method was adopted for the same.

#### **3.1. Statement of the problem**

After analyzing the progress of various development projects, it could be seen that very few met with success in achieving their goals and a large number of them failed in meeting the objectives or were forced to be closed down before the stipulated time. This leads to a heavy loss to the state and nation as huge amounts of money, manpower, time and effort are spent on such projects. Based on these criticisms, aid agencies may even use these as justification for cutting aid. Levels of Overseas Development Assistance (ODA) from donor agencies have steadily dropped over the past thirty years in all over the world. (EDD, 2006). One reason for this is the low success rate of these projects. This leads to a situation where all developmental interventions face serious hurdles.

When we discuss this matter in the context of Kerala, certain issues are been quoted as reasons for the failure of the failed development projects.

1. Participation of the implementing employees is limited to the implementation phase and not carried into the planning and decision-making phases.
2. Lack of empowerment, commitment, professional compulsion, service motivation etc. of employees due to centralization of authority at the top management.
3. Unsuitable management style and unrealistic goal setting.
4. Since time-bound targets have to be achieved in the case of developmental projects, the work atmosphere in these organizations requires that employees do not feel powerless as it leads to a helpless situation that, in turn, affects the organizational performance.

This situation exists in many projects. If this continues, it is very likely that only a few would succeed in achieving positive results. Some suitable steps should be called for to enhance the performance rate of development projects in Kerala.

It is proved by earlier studies that the top management influences an organization's culture significantly. Kar and Tewari (1999) argued that the top management style contributes to a strong organizational culture as the resultant participation would bring about greater commitment, effectiveness, efficiency and growth of individuals. Frequently what is referred to as organizational culture really stands for the ideals and visions prescribed by the top management (Tripathi, Kapoor and Tripathi, 2000).

Considering the significance of decentralization of authority and organizational culture in development projects, a study was undertaken to ascertain the nature of organizational culture as perceived by managerial personnel in development projects and to determine whether significant differences, if any, exist in the organizational culture across the two types of projects viz., Authority Centralized Organizations (ACO) and Authority Decentralized Organizations (ADO).

There are number of studies on organizational culture, authority, and organizational effectiveness separately. However, no study has been conducted on these variables



with respect to development projects. Hence the present study attempted to analyze certain situations and find out answers to:

1. Is there any difference in the organizational culture prevailing in organizations with more decentralization of authority and less decentralization of authority?
2. Whether the prevailing organizational culture in the development projects due to authority centralization and decentralization, has any influence on their effectiveness?
3. Is there any difference between the magnitude of values practiced in authority centralized and decentralized organizations?
4. Is there any relationship between the practice of values in development projects with authority centralization and decentralization?
5. Which are the values that widely/frequently practiced by the successful development projects?
6. Does authority decentralization in development projects has any correlation with the organizational culture of effective projects?

For the above purpose, this study traced out the organizational culture prevailing in eight development projects working for different sectors in Kerala. The projects are selected as (i) where authority is more decentralized and (ii) where authority is less decentralized, and also to delineate which type of organization has a strong organizational culture leading to high effectiveness.

### **3.2. Objectives of the study**

1. To find out the type of organizational culture prevailing in development projects.
2. To study the extent of degree of decentralization of authority in development projects.
3. To explore the linkage between decentralization of authority and organizational culture in development projects.
4. To explore the linkage between decentralization of authority and organizational effectiveness in development projects.
5. To find out situations where the employees in development projects experience more decentralization of authority.

6. To find out the values which are more widely and frequently practiced in development projects.

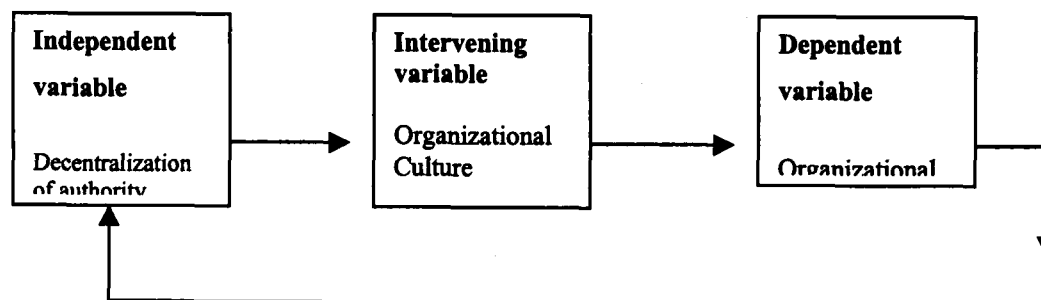
### 3.3. Hypotheses

Based on the above-mentioned objectives, the following null hypotheses were framed:

- Ho 01. There is no difference in the degree of decentralization of authority between authority centralized organizations and authority decentralized organizations.
- Ho 02. There is no difference in the frequencies of values practiced by employees and hence in organizational culture in the authority centralized organizations and authority decentralized organizations.
- Ho 03. There is no difference in the wideness of values practiced by employees and hence in organizational culture in the authority centralized organizations and authority decentralized organizations.
- Ho 04. There is no difference in the organizational effectiveness between authority-centralized organizations and authority decentralized organizations.
- Ho 05. There is no association between degrees of decentralization of authority and organizational culture in development projects.
- Ho 06. There is no association between degree of decentralization of authority and organizational effectiveness in development projects.

### 3.4. Design of the Study

A bi-directional model showing the relationship between the variables in the study is shown here.



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Assuming variables as given, the study has tried to investigate and report of the impact of authority decentralization on organizational culture and effectiveness of the organization.

### **3.5. Data Collection Sources**

The survey method was adopted as a primary source for collecting information from respondents belonging to eight development projects. Published reports and annual reports of the organizations, newspaper articles about the organizations, websites etc. were used as secondary sources for data collection. The feasibility of administering the questionnaire method was analyzed. A pilot study was done for the questionnaires.

### **3.6. Data Collection Instruments**

#### *3.6.1. Organizational Culture and Organizational effectiveness*

For measuring organizational culture and organizational effectiveness of the eight organizations, a questionnaire developed by D. Amarchand and B J Jayaraj (1992) was used. This instrument consisting of twenty four statements in which 16 value based statements was used for identifying the cultural pattern of the organizations. Each statement reflects a behavioral situation which can describe a value or attitude expected to be practiced by an employee in everyday working life in the organization. The remaining 8 statements tell about different areas of organizational effectiveness. Use of this questionnaire provided data needed for studying the culture of the organization and its effectiveness.

#### *3.6.2. Degree of Decentralization of Authority*

A questionnaire adapted from Contemporary Management (1991), developed by Durbin was used to measure the degree of decentralization of authority in organizations. This questionnaire was intended to measure the degree of decentralization of authority in the organization, viz., how are the power and responsibilities in functional, financial and administrative matters are shared with lower ranking managers, what is the role of the lower ranking managers in determining the goals and targets of the organizations etc. Certain situations depicting the impact of decentralization of authority were given and the respondents were requested to give their comments on the situations which is appropriate for the organizations.

### **3.7. Universe of the study**

Management team consisting of middle level managers and junior level managers of 13 development projects working in Kerala constitute the universe of the study.

### **3.8. Sampling procedure**

Multi stage sampling method was used in this study.

#### *Stage 1: Selection of organizations.*

The selection was done by first identifying all development projects working in various government departments of the state government. The details and list of 13 projects working at that time in Kerala development projects were collected.

Since this study was aimed at finding out the correlation between authority decentralization and organizational culture as well as organizational effectiveness, projects were selected on the basis of degree of decentralization of authority in the organization.

The sample organizations were selected purposively that they can represent the entire development projects, both centralized and decentralized. This was done by applying an instrument developed by Udai Pareek (1997) prepared for analyzing the organizational culture prevailing in the organization.

#### *Stage 2: Respondents selection*

As the population does not constitute homogeneous group, stratified sampling method was used for sampling to get a representative sample. The population was divided into two strata that are individually more homogeneous, viz., middle level managers and junior level managers. Then we selected samples who have completed minimum 2 years of service in the studied organization from each stratum by random sampling. This criteria of 2 years service was suggested based on the assumption that majority of the projects are of five years' period, hence employees having more than 2 years' service in the projects have worked for more than 50% of its period, and thus will be able to comment on the organizational culture prevailing in the organization. This has done in order to avoid respondent selection error.

The names of those employees satisfying the selection criteria were collected and from them 30 % were selected by simple random sampling method for the purpose of survey. The number of respondents were finalized by using proportional allocation and the size of the samples from different strata were kept proportional to the size of the strata.

The total number of respondents = N, then

$N = N1 \text{ (Mid. managers)} + N2 \text{ (Jun. managers)}$

$P1 = N1 / N, P2 = N2 / N,$

If  $n = 30\%$  of N,  $n1$  &  $n2$  be the number of respondents of two strata of each organization and were calculated by

$$n1 = n.P1$$

i.e.  $n1 = n \times N1 / N$

$$n2 = n \times N2 / N$$

### **3.9. Demographic Profile of the Respondents**

Demographic details of the respondents were collected using face sheet of construct made by D. Amarchand and B J Jayaraj (1992). The sample is dominated by males (60.63 %) with females in minority (39.36 % ). In this study, 36 of the surveyed employees are less than 30 years of age and 62 of them are 30-40 years of age. However 32 of them are around 45 years old or older than that. The data shows majority of the respondents are in their 30s. Regarding the positions the respondents hold in their organizations, 37.12% of the respondents are managers in middle level capacity, where as 62.87 % are managers in junior levels. 32.5% of the respondents have more than 5 yrs experience in the present organization and 54.1% with 2-5yrs experience. However 13.4 % have below 2 yrs experience in the current organization. Majority of the respondents are with 2-5 yrs experience in the present organization.

### **3.10. Pattern of Analysis**

This research study used measures like mean and standard deviation (SD) for data analysis. Statistical tool like t-test was used to ascertain the mean difference between two groups or three groups. Coefficient of correlation was calculated to find the association between the two variables. The popular SPSS (Statistical Package for Social Science) software was used for the analysis.

#### **4. Scope of the study**

The present study is an attempt to highlight the importance of employee participation towards developing strategies in improving the effectiveness of development projects. Though attempts have been made towards developing an agreeable strategy for a uniform component of participation, it is evident that participation in various development programmes remains an evolving process.

Although studies analyzed the tie between authority levels and job satisfaction, not many were related to the employee's involvement in decision making and effectiveness of organization so also the relationship with authority-sharing. Even though several studies are available on organizational culture in general, literature about relationships between organizational culture and authority decentralization is scarce.

Decentralization of authority is a comparatively new concept in the development sectors and few attempts were made to study the impact of decentralization of authority on organizational effectiveness. Available matter relates to authority decentralization in local self-governments and hence cannot contribute to the problems faced by the developmental sector as mentioned earlier. So a study to formulate important modifications in the implementation strategy of development project is a necessity for the current situation.

Very few studies focused on the relationship between authority decentralization, organizational culture and organizational effectiveness of development projects in Kerala. This study goes some way in suggesting innovations for a suitable organizational culture for development projects via decentralization, which can increase efficiency and success rate of such projects.

This will also give guidelines for policy makers and practitioners of development programmes in respect of better ways for the successful implementation of such projects. This would facilitate formulating suitable strategies to achieve targets.

The study will also provide an in-depth analysis of the degree of decentralization and the optimum situations for any development project to succeed. This will help to eliminate any possible drawbacks and increase the applicability of the suggested

systems. Thus it is expected that the study will bolster situations where development projects can succeed and assure financial and other supports by external and internal agencies for the benefit of the socially and economically weaker sections of the society.

## **5. Limitations of the study**

1. Since the organizations studied are time bound projects with a small life span, most of them do not have a long culture or history to be analyzed. So the findings may not be suitable for other permanent organizations.
2. As in the case of development projects, the impact of the projects is measured in qualitative terms. In other words only functional performance or qualitative achievements were considered, and financial performance was not taken into account.
3. Since many studies have not been conducted on authority decentralization, organizational culture and organizational effectiveness of development projects, every finding of the present study could not be supported, refused or compared with earlier results.
4. Based on the pilot study we have clubbed respondents from middle level managers and junior level managers into one category, which may cause some variations in generalizing the results.

## **6. Major Findings**

### **6.1. Findings related to the selection of projects for the study**

- The results showed that among the 13 projects considered for selecting for the study, 8 organizations had a dominant culture - either democratic culture or autocratic culture. Others did not have a prominent cultural identity but have a mix of various elements.
- Majority of organizations had twin nature, even though one nature dominates, there is the presence of other nature of extremely opposite element, viz., democratic with a small degree of autocratic nature or autocratic with a small degree of democratic nature.

- ❑ Out of the 8 projects marked with a prominent cultural identity, 5 projects showed remarkable degree of autocratic nature and 3 of them showed remarkable degree of democratic nature.
- ❑ Out of the 8 projects identified for the study, the number of projects with authority centralization culture is found to be more, which can be the general trend among development projects.

## **6.2. Findings related to the nature of authority decentralization**

- ❑ Among the 20 situations considered in the study for analyzing the difference in the degree of decentralization of authority, it is found that in 15 situations the managers in ADO enjoys more degree of decentralization of authority than in ACO. In 4 situations managers in ACO receive more degree of decentralization than in ADO. In 1 situation both the managers receive similar degree of decentralization of authority. It is clear that managers in ADO have higher degree of decentralization of authority.
- ❑ Areas in which the managers in ADO experience more degree of decentralization authority are : involvement of middle and junior level managers in planning goals & targets and implementation of the activities, functional freedom given by the top management to the employees to be innovative, empowerment with power given to take up responsibilities, transparent policy for decision making & implementation, and resource allocation with matching freedom.
- ❑ Areas in which the managers in ACO lack degree of decentralization of authority are: in taking decision and using fund without prior permission in good faith for the benefit of organizations, freedom to access funds for activities which are given to them, role in administration, relying upon lower level decision- making, freedom for functionalization with accountability.
- ❑ The unique feature of a decentralized organization is found to be the feeling that all are equally voiced in the organization's future, and the entire resources put together to help in the building process of the organization and bring out the best in employees.
- ❑ The positive consequence of authority decentralization is that senior managers express their trust in their subordinates and in their abilities. Such an attitude



helped to empower the employees and led to a better organizational culture and effectiveness.

- ❑ The middle and junior managers are allowed to take decisions related to their jobs, and thus to 'own' the problem. The initiative of 'owning' on the part of the managers led to a positive working environment, as well as the same provided for nurturing, creating and maintaining a cohesive working environment in development projects.

### **6.3. Findings related to culture in the organizations by virtue of value practice**

- ❑ For 16 cultural values which were identified for analyzing the cultural difference between ADO and ACO it is found that for 13 values the managers in ADO practice the value more widely than the managers in ACO. Only for 1 value the wideness of value practice by managers in ACO is higher than in ADO. For 2 values the managers from the both organizations practice with similar wideness.
- ❑ Regarding the frequency of value practice also the managers in ADO practice more frequently 13 values, where as managers in ACO practice 2 values more frequently than managers in ADO. For 1 value both the managers showed similar frequency.
- ❑ The results showed that the organizational culture in ADO (by virtue of value practice) is stronger than in ACO as managers in ADO practice more number of values that too more widely and frequently than the managers in ACO.
- ❑ The values that lead to strong culture are: aim at the organization's success and growth while taking up a work, involve all the concerned persons to participate in the decision making process, encourage, provide opportunity and support for creativity and innovation, be prompt and time conscious in executing a job, recognize the self respect of every one

### **6.4. Findings related to the effectiveness of the organizations**

- ❑ Organizational effectiveness of ADO and ACO are different. Organizational effectiveness of ADO is higher than that of ACO.
- ❑ ADO are found to be more effective in all the eight areas considered for measuring effectiveness.

- ❑ It is found that in ADO more than half of the managers (52.7 %) belong to high effective group (HEG). Only a small portion (10.8 %) falls in low effective group (LEG).
- ❑ In ACO about half of the managers (41.2 %) belong to low effective group (LEG).
- ❑ ADO is found to be more adaptable to changing conditions.
- ❑ It is also found that employees in decentralized projects are happy, committed and actively involved in activities, and these organizations' internal effectiveness is higher than the projects where authority is centralized.

#### **6.5. Findings related to association between degree of decentralization of authority and organizational culture**

- ❑ Degree of decentralization of authority in the organization and culture of the organization are strongly associated and positively correlated.
- ❑ Authority decentralization can enhance practice of strong values and a strong organizational culture, equipping the organization for higher effectiveness.
- ❑ There is a strong relationship between organizational culture and values as several positive functions are fulfilled by the value enriched culture. These include facilitating commitment and motivating employees to do the 'right thing'. Organizations those are covered under this study in which a culture of 'right kind' has been developed, have achieved high performance.

#### **6.6. Findings related to association between degree of decentralization of authority and organizational effectiveness**

- ❑ This study found that degree of decentralization of authority and effectiveness of the organization are strongly associated and positively correlated.
- ❑ Due to the presence of strong organizational culture, the decentralized organization can realize full potential of employees and convert its strengths to organizational achievements.
- ❑ The role of managers in planning and decision-making as a result of authority decentralization is directly related to effectiveness of the organization.
- ❑ The higher degree of DA given to those in lower managerial level results in higher employee commitment which developed a feeling of ownership among them.

## **7. Implications of the findings**

The findings of this study have several implications for practicing managers. Management style, being a central concept in all-managerial functions, should be considered as a construct that has many dimensions to be explored and strengthened. This study by exploring the impact of management style characterized by authority decentralization recommend the same as a vital input for any new generation organizational set ups.

Certain other dimensions such as employee participation in decision-making process and employee empowerment are abundantly relevant in the contemporary organizational environment. Individuals in general and organizations in particular are likely to gain extensively if organizational priorities such as building strong culture, defining clear roles and authority for employees in the organization etc. are built up in the organizations.

How to define managerial roles is also crucial for the existence of organizations because there is a linkage between what organization decides as its own priorities and how effectively lower level managerial effectiveness is shaped up to attain the defined goals. Hence, the conclusions of the study covering all these variables will be definitely useful for the organizational development process of development projects.

### **7.1. Implications for practicing decentralization of authority**

To facilitate the development of a culture of high effectiveness, a new organizational structure is recommended. The aim of that restructuring is to reduce centralization of authority at top management and maintaining hierarchy. In this new structure decentralization of authority does not mean that decision-making power has been shifted from the top to the bottom absolutely, which may be spread to the lower levels. The spreading needs to have both vertical and horizontal dimensions. Decision-making units can be created different levels closer to the implementation, where the units are inter and organically linked to each other and are not independent. In such situations, problems of project implementation could be solved easily.

Sharing of power will increase employees' say over functioning, control and the likelihood of success. The increased probability of success will in turn lead to a higher degree of satisfaction and greater loyalty to the organization. Thus the degree of decentralization of authority impact and help to increase performance of the organization by providing a healthy organizational culture.

For development projects, control over the implementation of work needs to be smooth at every level of the organization. Problem-solving and decision-making capacities need to be adequate. The staff members should feel empowered for taking necessary decisions and to solve problems before they become big issues. Thus problem-solving and decision-making mechanisms are to be in place and to be timely.

Based on the results, this study suggests a few practices of top management to improve participation of employee in middle and lower managerial level

- Ask employees' opinion that involves particular work.
- Give opportunities to use abilities and experience of employees.
- Encourage employees for new idea about work.
- Introduce change in work by consulting with the employees.

The most important concept of authority decentralization is to delegate responsibility to lower levels in the organization, thus to empower lower level managers. Stressing the relevance of employee empowerment in organizations, this study suggests certain managerial practices for imparting employee empowerment in development projects, viz.

- Allow employees to make decisions in their jobs.
- Allow employees to make urgent decisions necessary for the work.
- Encourage employees to find better ways of doing work.
- Allow work teams to make changes to improve way of doing work.
- Give opportunities to improve job skills.

Subordinates who are empowered interpret it as a reflection of the senior manager's trust and confidence in them and in their abilities. They also build a higher

expectation that their effort will result in the desired level of effectiveness. Both outcomes will result in a positive perceived structure of reality, enhancing lower level manager's belief in their own effectiveness and their satisfaction with the organization.

## **7.2. Implications of findings of decentralization of authority-organizational culture- organizational effectiveness link**

A strong culture is one that is internally consistent, where values are widely shared, and makes it clear what it expects and how it wishes people to behave. There is a strong relationship between the values practiced in an organization and the pattern of authority distribution within it. If more good values that recognize decentralization of authority are practiced, then the organizations will have a strong culture.

It is recommended that a high-performance culture in an organization may be brought about through the practice of values within the organization. The organizational values help in developing positive attitudes and commitment that are likely to exert a positive influence on performance and productivity. It is believed that an improvement in any one of the characteristics of the organization will produce corresponding improvements in one or more of the characteristics of culture, such as commitment, motivation etc.. At the same time, improvements in the values of individuals who receive a share in authority within the organization will also be evidenced with positive impact on the culture of the organization.

## **8. Conclusions**

It may be appropriate to point out that as we entered into the twenty-first century, the conventional service sector had an altered and reduced role. There will be fewer organizations of permanent structure and employees will perhaps halve. The chances for development projects will go up. Nonetheless, for effective performance of new tasks, it will need contemporary, lean, decentralized, and flexible structures. Strong results and performance orientation are tied to a new work culture that emphasizes decentralized planning and decision-making, good teamwork and efforts for higher productivity using all resources that may be pooled for development projects.

The major responsibility for this transformation rests on the top management of development projects who must initiate, direct and manage changes in response to the felt needs and anticipated future trends. A key lesson experienced is that every employee should willingly participate in the process of decision-making, planning, and implementation of the project actively.

When an impersonal procedure-bound approach is taken by the top management, most of the employees in the middle and junior managerial level feel unappreciated, ignored, or even hurt by the organizational systems. As a result, very few people believe that they have a 'say' in the decision-making or goal setting process, and hence only respond to the specific demands in their narrowly defined roles and authority.

Employee development does not take place when managers in lower levels are confined to narrow roles which makes them unfit for the larger roles over a period. In such situations, we cannot expect self-efficacy in them. This is what is reported in the case of managers in authority centralized development projects.

## **9. Directions for Future Research**

Despite the strong findings, this work needs to be regarded as only preliminary in the case of organizations like development projects, as studies are very rare in this field. There are a number of issues that could not be covered under this study because of myriad reasons. They need to be studied in detail and hence are included here as follows:

- ❑ To ensure generalization of the findings, we need to replicate the study in a variety of organizations in different organizational set-ups.
- ❑ This research focused only on the impact of different patterns of micro-level behaviors of employees of a similar cultural background. Currently, as there are many officers from different cultural backgrounds working in the development sector, there are unexplored research opportunities for analyzing the influence of multi-cultural team members from different cultural backgrounds on the culture of the organization.

- ❑ Due to the lack of time, the study has explored only the impact of decentralization of authority in decentralized and centralized organizations. The impact of centralization of authority is not explored. However, a mere focus on decentralization can imply neglecting the useful aspects of centralization. More exploration is needed related to advantages and disadvantages of authority centralization and decentralization processes. Future studies can focus on their applicability to organizations other than development projects.
- ❑ During the analysis it is found that managers with work experience and service do not mind much about whether authority decentralization is there or not. But novice managers need a role in the decision-making process. Since analyzing the relationship between age and experience of managers with sense of participation was not subject matter of this study, the present study did not touch upon that area. Hence, there is substantial scope of extension in this regard.
- ❑ During reviewing literature regarding decentralization of authority and sharing experience with the managers in development projects, some other elements were also appeared to be influencing the culture of the organization and effectiveness of the organization, which are directly or indirectly related with authority decentralization. They are management style, employee empowerment, and employees' sense of participation in decision making etc.. These associations can also be further explored.
- ❑ In this study, practice of values was identified as the predictor of organizational culture. Analyzing culture in development projects using other parameters can be a major class of studies in future.
- ❑ In this study only qualitative aspects of organizational effectiveness (functional performance) was considered. Hence, further researches can be extended to compare the effectiveness in quantitative terms (financial performance) also.

# **DECENTRALIZATION OF AUTHORITY AND ORGANIZATIONAL CULTURE IN DEVELOPMENT PROJECTS**

**THESIS  
SUBMITTED FOR THE AWARD OF THE DEGREE OF**

**DOCTORATE  
IN BUSINESS ADMINISTRATION**

**by**

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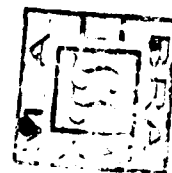
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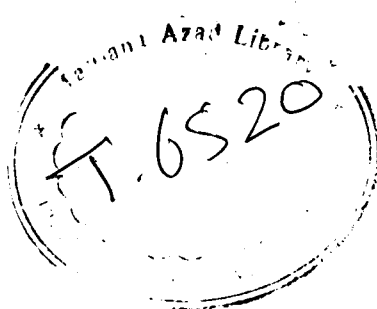


**DEPARTMENT OF BUSINESS ADMINISTRATION  
FACULTY OF MANAGEMENT STUDIES AND RESEARCH  
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**2006**



Perth Computer



27 JAN 2011



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## **DECLARATION**

I do hereby declare that the thesis titled 'DECENTRALISATION OF AUTHORITY AND ORGANISATIONAL CULTURE IN DEVELOPMENT PROJECTS', submitted to the Faculty of Management Studies and Research, Aligarh Muslim University, Aligarh, for the degree of 'DOCTORATE IN BUSINESS ADMINISTRATION', is a record of original work done by me under the supervision and guidance of Ms. Ayesha Farooq, Lecturer, Dept. of Business Administration, Aligarh Muslim University (Internal Supervisor) and Dr. M G Jomon, Associate Professor, Xavier Institute of Management, Bhubaneswar (External Supervisor), and it has not previously formed the basis for the award of any degree, diploma, associateship, fellowship or other similar title to any candidate of any University.



**DINNEY MATHEW K.**

Kochi, Kerala

20.06.2006

**THESIS**



## CERTIFICATE

This is to certify that the thesis titled “DECENTRALIZATION OF AUTHORITY AND ORGANIZATIONAL CULTURE IN DEVELOPMENT PROJECTS”, submitted to Aligarh Muslim University in fulfillment of the requirements for the award of the degree of ‘DOCTORATE IN BUSINESS ADMINISTRATION’, is a record of original research work done by Ms. DINNEY MATHEW K. during the period of her study in the Department of Business Administration, Faculty of Management Studies and Research, Aligarh Muslim University, under my supervision and guidance. This thesis has not formed the basis for the award of any degree, diploma, associate ship, fellowship or similar title to any candidate of any university.

A handwritten signature in black ink, appearing to read 'Ayesha'.


**(Ayesha Farooq)**

**Internal Supervisor**

**Date: 28.06.2006**

## **CERTIFICATE**

This is to certify that the thesis titled “DECENTRALIZATION OF AUTHORITY AND ORGANIZATIONAL CULTURE IN DEVELOPMENT PROJECTS’, submitted to Aligarh Muslim University in fulfillment of the requirements for the award of the degree of ‘DOCTORATE IN BUSINESS ADMINISTRATION’, is a record of original research work done by Ms. DINNEY MATHEW K. during the period of her study in the Department of Business Administration, Faculty of Management Studies and Research, Aligarh Muslim University, under our supervision and guidance. This thesis has not formed the basis for the award of any degree, diploma, associateship, fellowship or similar title to any candidate of any university.

  
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*Dedicated to Emmanuel*



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## **P r e f a c e**

Despite billions of dollars spent through development projects on development assistance each year, there is still very little known about the actual impact of these projects (Baker, 2000). There is broad evidence on the benefits of economic growth, investments in human capital, and the provision of safety nets for the poor. However, there are only very little reports about how these development activities are managed. Could the projects be better managed to achieve the intended objectives? Are the human resources spent effectively? These type of questions can only be answered through in-depth studies which measure the implementation processes and design of the implementing organization in isolation of other possible factors.

Government records and other studies about development projects also say that only a few of them are succeeding. We need to search reasons for the failures of others that should help us to formulate strategies, which can help in improving the situation in development projects. Studies explain that proper and early plan, support of policy makers along with suitable organizational support (design) for the implementation, can be very powerful in ensuring the appropriateness and effectiveness of the project ( Abdulla, 2005).

In the case of development projects, in addition to the factors such as project duration, method of implementation, sequencing of activities, levels of implementation etc., some other factors too exert influence on the project's impact. Hence an attempt is made in this study to examine how influential are other factors like organizational culture, style of management, staff participation in planning and decision making etc..

It is suggested here that the above-mentioned elements and the like ones are positively related with authority decentralization and have direct impact on the performance of the projects. Even the guidelines of international development projects also stressed the importance of participation of implementing personnel in all levels including planning phase ([www.tibet.com](http://www.tibet.com) 2006). This study has therefore concentrated upon the issues of practice and methodology in order to examine how development projects go about promoting employee participation in decision-making, planning, and goal setting and what successes they have had through this. Since the concept of decentralization of authority is been widely appreciated in the current era, this study has given special thrust for decentralization of authority through out the study.

Following the 73rd and 74th Constitutional Amendments, decentralization efforts in the country have received increasing emphasis in several states. However, the Kerala Government's bold moves to decentralize all relevant functions to local institutions with an adequate financial backing and transfer of staff from the line departments clearly marked a new era in decentralization processes in the country. Kerala experiment initiated under the 'People's Campaign for Decentralized Planning' made a new beginning by devolving a large proportion of the state plan funds to local authorities for developmental works ([www.jalanidhi.com](http://www.jalanidhi.com) ).

Due to this background, instead of studying development projects all over India, this study selected development projects in the State of Kerala for analyzing the influence of decentralization of authority. The state of Kerala itself and its experience of decentralization were appeared to be remarkable than other states in India, which formed the basis of this choice. Some of the arguments are the following:

- Anthropologist Richard Franke summarizes Kerala's accomplishment as: "With a few important exceptions such as unemployment and suicide rates, Kerala leads the rest of India and all low-income countries of the world on just about every indicator which can come up with wages and working conditions, nutritional status, overcoming caste discrimination, providing social security for the elderly, helping workers in the informal sector, increasing gender equality, enforcing worker protection acts etc.."( Stephen, 1993).
- Well known among development experts, the Indian state of Kerala has long enjoyed high standards of free, universal education and health care; democratic traditions; extensive women's rights; small families; and a general living standard, which is the envy of the Developing World. Kerala's unique history has been a fortuitous blend of democratically-elected socialist governments and highly developed people-based community organizations, worker owned cooperatives etc. ([www.chss.montclair.edu/anthro/kerala.htm](http://www.chss.montclair.edu/anthro/kerala.htm) ) These factors have made Kerala a model for not only other Indian states, but for the Third World and Western industrialized nations as well.
- Kerala's achievement has occurred in the context of a formally democratic system, with elections, free press, and so on. Some countries that have made impressive gains in human development indicators have done so under dictatorial regimes, Kerala is genuinely trying to empower people. As Franke and Chaisin (1994) explains, "The People's Campaign for the Ninth Plan is probably the largest democratization project underway in the world today. Thirty million people in Kerala are affected by the campaign".
- The decentralization process initiated in Kerala, during 1997 to 1998, comprised transfer of functions to different local authorities, financial allocation through statutory and formula based transfer, and a participatory and rational

planning process to ensure appropriate and equitable utilization of funds. It aims to be flexible while ensuring accountability and transparency in the process. In probably the boldest move in this process, Government of Kerala has decided to transfer about 35% of its plan funds directly to local authorities as developmental grants ( Faizi, 2001).

- A combination of land reform, female education, social welfare, workers' rights etc. have given Kerala a rather remarkable social profile, unique in India and almost unprecedented in the Third World (Ibid.).

Now, Kerala Model of Development has become a legendary. Even though the state is famous for many of its development achievements, many areas are remained undeveloped or underdeveloped. To address this issue the State Government has taken initiatives to implement many development activities in the state. Development project is one such initiative for which the result can be assured because these are formed with particular development missions. Some of external donor agencies like European Union (EU), Department for International Development (DFID), Asian Development Bank (ADB), United Nations Development Programme (UNDP), and World Bank have also extended their supports for the implementation of such development projects in the state.

This study analyzes development sector in the state of Kerala as a whole. So that the result will have a wider impact and can be make use for various projects. For this, the study has selected eight projects in different sectors giving a representative selection for the development sector. Projects studied here are mainly aimed at development of sectors like agriculture, poverty alleviation, primary school education, computerization of local self-governments etc..

The purpose of the study was not to develop a single formula of practice, but to review various practices and results of authority decentralization, employee participation etc. widely across projects, and to see what styles and models are emerging from these projects to promote employee participation in planning and decision making through authority decentralization for leading the organizations to success.

This research also sought to outline some earlier research findings and experiences as guidelines for developing a culture of high performance in development projects. Specifically, an attempt has been made to describe a) The concept of organizational culture, b) Approach to the development of high performance culture in developmental projects, c) The relationship of organizational culture and organizational effectiveness with authority decentralization.

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## **Chapter 1**

### **I n t r o d u c t i o n**

During the last two decades, the term ‘Organizational Culture’ has been widely used in relation to business organizations. Culture is reflected in various forms in the life of an organization. Recently organizational culture has been getting attention from not only researchers and academicians but managers as well because it is associated with organizational effectiveness. Simultaneously, there is a renewed interest in decentralisation of authority also with the emphasis given to participation and empowerment of employees.

## **1.1. Contemporary Research interest in Organizational Culture and Decentralization of Authority**

Organizational culture is one of the major issues in organization theories in academic research as well as management practices – a belief that cultural dimensions are central in all aspects of organizational life being the reason for this.

The increase in importance of the concept of organizational culture is evidence of a paradigm shift, which tells that management is becoming interested in invisible aspects of organization such as shared systems of belief, attitudes, values etc.. Schein (1986) argues that ‘if we take culture seriously, we will help the managers recognize cultural assumptions dominate managerial decisions and not just about style and people.’

It is desirable to emphasize the significance of organizational cultures for performance, growth, and success of organizations. Books written in the beginning of 1980s – identifying the characteristics of excellent organizations (Ouchi, 1981 about highly successful Japanese companies) in combination with journalistic writings – created a widespread belief in organizational

culture being a significant factor behind corporate performance. In addition, more 'rationalistic' business recipes have partly replaced culture and the focus on 'people' as the latest fashion for companies and managers during the first half of the 1990s. Still, a strong case can be made for taking an interest in organizational culture vis-à-vis performance.

Studies on organizational culture have been conducted since the 1940s. However, they were sparse and scattered until the 'corporate culture boom' of the early 1980s. During the last decade, the interest in organizational culture from both academicians and practitioners continues to be relatively high. It seems reasonable to point to a set of factors to make sense of the increased interest, particularly in the 1980s. Traditional organizational research has proved incapable of providing deep, rich, and realistic understandings (Wunsch, 1991). For many academic writers, it arises from theoretical concerns.

Why must we make a cultural study of organizations, specifically, what interests make such studies worthwhile? In principle, there are two broad answers. The first one views organizational culture as a means of promoting effective managerial action. Whereas the second views culture as a point of entry for a broader understanding and critical reflection upon organizational life and work (Cohen et al., 1972). These two answers are not necessarily mutually exclusive (understanding and reflection may proceed effective action). The goal of promoting effectiveness tends to rule out complicated research designs and 'deep' thinking, while promotion of a broad critical reflection presupposes that the project is not subordinated to managerial interests.

Academic studies on organizational culture guided by technical interests often proceed from an assumption that culture is in some way related to organizational performance. Advocates of this view believe that it is vital to

uncover linkages or causal ties between forms of organizational culture and performance. This is an 'offensive' formulation of the issue, one which suggests that culture can be used as a tool or guiding concept for achieving effectiveness. A 'defensive' version of the culture-performance link sees culture more as an obstacle to economic rationality and effectiveness (Paul and Anantharaman, 2001).

Researchers who treat this as a variable recognize that organizations produce or are accompanied by more or less distinct cultural traits, such as values, norms, rituals, ceremonies and verbal expressions, and that these features affect the behavior of managers and employees. Many writers (e.g. Panda and Gupta, 2002) have argued that organizational culture contributes to the systemic balance and effectiveness of an organization. Most technically oriented writings on the subject are optimistic and want to use culture as a resource for effective managerial action.

Managers frequently ascribe success to their culture. 'Companies win or lose based on the culture they create, says Ethics Officer Association (EOA), (1997). Many of the most influential academics agree this. Pfeffer (1994) argues that the traditional sources of success matter less today than in the past, 'leaving organizational culture and capabilities, derived from how people are managed, as comparatively more vital'. Culture is thus highly significant to how organizations function - from strategic change, to everyday leadership - and how managers and employees interact.

The culture of an organization represents prevailing rules, relationships, beliefs, norms, values, attitudes, skills etc. pertaining to work. Developing a high performance culture, therefore, essentially implies managing change, more specifically, developing beliefs, norms, values, attitudes, and behaviors that are consistent with the new reality. A high performance culture in an

organization may be brought through an interaction of the characteristics of the organization with those of individuals and groups within the organization.

The idea that a 'strong organizational culture' has a distinct and positive impact on performance was very popular in the beginning of 1980s (Marcoulides and Heck, 1993). The proponents of this view suggest that several positive functions are fulfilled by culture. These include providing a sense of identity to members of the organization, facilitating commitment to a larger whole, enhancing system stability and serving as a sense-making device that can guide and shape behavior, motivating employees to do the 'right' thing. Organizations where a 'right kind' culture has been developed will achieve high performance (Ouchi, 1980). For Ouchi culture has a positive function.

A high-performance culture in an organization may be brought about through an interaction of the organization's characteristics with those of individuals and groups within the organization. Organizational policies and practices, such as teamwork, trust, rules and regulations, leadership, goal setting, etc. would go a long way in developing positive attitudes and commitment that are likely to exert a positive influence on performance and productivity. Improvement in any one of the characteristics of the organization will produce corresponding improvements in one or more of the characteristics of culture as discipline, teamwork, commitment, motivation etc. (Joshi, 2001).

It is proposed by different studies that in an organization with a strong culture, core values are both intensively held and widely shared by its members. Such employees develop a strong loyalty to the organization (Jones and Pollitt, 1999). Two benefits of a strong culture are reduced employee turnover and a positive employee attitude (Driscoll and Hoffman, 1999). A strong culture demonstrates high agreement among members about what the organization

stands for. Such unanimity of purpose builds cohesiveness and organizational commitment.

Authority decentralization, to the above-mentioned characteristics is also likely to induce positive impact on the effectiveness and culture of the organizations. Authority decentralization - as the major thrust of this study - needs special mentioning. Strong theoretical expectations from the decentralization process are the reason for this. It is accepted that decentralization - defined as the transfer of authority, responsibility, and resources from top management to lower levels and independent administrations - leads to employee empowerment and their better efficiency. Jong, Loquai and Soiri (1999) emphasize that decentralization, by making the decision-making power closer to implementing officers, can improve accountability. It would favor participation and transparent decision-making processes. Then the devolution of power to the lower level could create formidable incentives by placing the decision-making in the hands of those who have local information about field situations and problems that top/distant (in a practical sense) bureaucrats are unable to have.

The following arguments support the importance of the above-suggested elements that may influence organizational culture and performance.

- A growing emphasis on decentralization has been one of the factors contributing to the emergence of new approaches in planning. Decentralization is certainly a functional necessity today. Panchayati Raj institutions, for example, were considered as units of democratic self-government and at the same time as vehicles for a participatory process in development. If people are to be involved in the functioning of an institution or development programmes, decentralization of authority must make it possible for them to do so (ILO, 2001). The

basis of this idea is that decision-making levels should be closer to the people who are engaged in the activities.

- Implementing officers of any development projects can be an effective channel of development if genuine delegation of power and responsibilities take place on a sufficient scale. This is essentially because they are considered to have important informational advantages. They know the prevailing field level local conditions (such as who are the genuine beneficiaries of the project, who deserves help, or the characteristics of the local micro- environment etc.) and they are better able to monitor the activities (Rondinelli, John and Cheema, 1984).
- Quick decisions are vital for smooth operation, decision-making and communication in development projects. Usually, multiple layers of hierarchy insulate the top management from feeling the true pulse at a grass-root level (Chaudhary, 1978). Thus, decentralization of responsibility and authority coupled with a faster communication system can help in a quick and effective decision system, which is so important for the smooth operation of development projects.
- The participatory or decentralized approach to development is now favored by most bilateral and multilateral aid organizations. (Platteau, et al, 2002). New strategies based on the idea of decentralized or participatory development have gained increasing currency among international organizations (including, the World Bank and the European community) and other major bilateral aid institutions. Though the idea is not new (it has been implemented for a long time by non-governmental organizations, especially in Asia and Latin America), big donor agencies embarked only recently upon



participatory programmes because they are grounded in operational guidelines specially designed to enhance participation (Oakley, 1991).

- To be sustainable and successful, development models, policies and institutions must not be imposed upon, but must be owned - should include participation in decision-making at all levels along with innovation, commitment, participation etc.. World Bank studies have repeatedly emphasized that lack of ownership has severely compromised development effectiveness. Evaluation lessons indicate that borrower ownership is not an option for these types of organizations (World Bank, 1996).
- Even though studies are limited in this area, available material suggests that, regarding organizational hierarchy, complex projects have performed poorly, mainly because they were prepared by outsiders, failed to engage stakeholders, and exceeded local implementation capacity. (Bamberger, 1983).
- Development as transformation affects both what we do and how we do it. It argues for openness, partnership, and participation. A change in mindset is central to development; a change that cannot be forced from outside or ordered by a small elite group (Baker, 2000).
- In some organizations, top managers make all the decisions. Lower-level managers merely carry out top management's directions. At the other extreme, there are organizations where decision-making slips down to managers closest to the action. Consistent with recent management efforts to make organizations more flexible and responsive, there has been a marked trend towards decentralized decision-making. In the case of large organizations, too, lower-level managers are closer to 'the action' and typically have more detailed

knowledge about problems than top managers, leading to effective implementation of interventions (Ayyar, 1976) .

- The role of a manager is important in organizational culture. Even in cases where top managers have a strong awareness of the significance of culture, there is often a lack of deeper understanding of how people and organizations function in terms of culture (Dwivedi and Kumar, 2001).

## **1.2. Organizational Culture**

The term 'organizational culture' is extensively used by sociologists, anthropologists and behavioral scientists. To some it means the 'way things are done around the organization' or the 'personality of the organization'. According to Drennan (1992), organizational culture is 'how things are done around here'. It is what is typical of an organization, the *habits*, the prevailing *attitudes*, and the grown-up patterns of *accepted* and *expected* behavior. Cameron and Freeman (1987) defined it as 'a system of shared values (what is important) and beliefs (how things work) that interact with a company's people, organizational structures and control systems to produce behavioral norms (the way we do things )'.

### **1.2.1 Definitions of Organizational Culture**

Scholars have defined organizational culture in varied ways and numerous definitions of culture are proposed. A few insights:

Porter and Steers (1975) identify organizational culture as 'a set of customs and typical patterns of ways of doing things'. Therefore, the pervasiveness and nature of such models, beliefs and values vary considerably from organization to organization. Yet it is assumed that an organization that has any history at all has developed some sort of culture and that this will have a vital impact on the degree of success of any effort to improve or alter the organization.

According to Schein (1990), culture is what a group learns over a period as it tries to solve its problems of survival in an external environment and its problems of internal integration. Therefore, culture can be understood as (a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with its problem of external adaptation and internal integration, (d) that has worked well enough to be considered valid and therefore, (e) is taught to new members as the correct way to perceive, think and feel in relation to these problems.

Organization creates distinctions between organizations, it conveys a sense of identity for organization members, facilitates the generation of commitment to something larger than one's individual self-interest. It is the social glue that helps hold the organization together by providing appropriate standards for what employees should say and do and serves as a sense-making and control mechanism that guides and shapes the attitudes and behavior of employees.

According to Denison (1990) 'Organization culture refers to the underlying values, beliefs and principles that serve as a foundation of organization's management systems, as well as the set of management practical and behavior that both exemplify and reinforce those basic principles'.

Though organizational culture is defined by different people in different ways, most stress on the importance of shared norms and values in the study of culture. The core of culture is formed by values that are not visible but shared by people even when the membership in a group changes.

Two decades ago, Stanley Davis coined the term 'organizational culture', which to him meant unwritten codes of conduct that govern the workplace (Davis, 1984). Since then though many have written, there is no consensus on a definition of organizational culture. Without such an agreement, it is hard to operationalize a measure or develop parameters of how 'strong' or 'weak' a given culture is.

Reimann and Weiner (1986) have attempted to operationalize the definition of culture in order to measure it. They define corporate culture as 'The pattern of core values which are widely shared by members of the organization'. In this definition, culture is viewed as a variable, spanning a continuum ranging from 'no culture' when no common, normative beliefs are shared by a significant

number of members, to a 'strong culture', where a number of key values are widely shared.

A critical examination of the deliberations presented above seems to suggest that culture determines the important issues within an organization and hence its effectiveness.

### **1.2.2. Various Perspectives on Organizational Culture:**

Enz (1988) offered a simple description of organizational culture as 'shared values'. The importance of it was highlighted by assigning it a central position, indicating its overriding influence on the six S's – structure, strategy, system, staff, style and skills. For Conner (1993) (organizational) culture is 'the interrelationship of shared beliefs, behavior and assumptions that are acquired over time by members of an organization'. Saffold (1988) too defined it as a 'general constellation of beliefs, norms, customs, value systems, behavioral norms and ways of doing business that are unique to each organization'.

The first step towards understanding the essence of organizational culture is to appreciate that it is a concept rather than a thing. This distinction is crucial. In organizational studies, theorists have come up with different ways of defining organizational culture. Smirich (1983) pointed out that both fundamentalist and interpretive scholars have written about and conducted studies on organizational culture, but she argues that these two groups understand organizational culture in an entirely different perspective. To a functionalist, culture is something that an organization has, 'a set of characteristics that an organization possesses'. The interpretive scholar sees culture as the 'essence of organizational life'. It is described according to the meanings and ways in which culture is enacted or 'performed' through communication.

In reviewing the literature, we see a perspective on culture, that is., behavioral

system ( Farrell, 1987) to measure verbal behaviors in order to arrive at the subjective culture in a number of countries. The behaviorist approach includes the products of behavior as a part of material culture. On the other hand, Hofstede (1994) defines culture as ‘the totality of equivalence and complimentary learned meanings maintained by a human population, and transmitted from one generation to the next’. There is a continuous reciprocal influence relationship between the structure of meanings (in terms of norms and values) and the behavioral events within the framework of physical realities. ‘Culture’ embodies this totality of interactive relationship within an identifiable context (Robert, 1986).

Whenever one refers to culture, it is taken to be top-driven and something that someone has to put in place within the entity (Connell, 2004). The irony is that though many know of a culture not being conducive, they are unclear on what needs to be done to make it suitable. Though we are aware that there are many metrics and methods to measure culture in an enterprise, the complexity is such that these fail to address the issue in its totality.

The culture of an organization represents the prevailing roles, relationships, beliefs, norms, values, attitudes, skills etc. pertaining to work. It takes time to develop and after coming into being acquires an enduring character resistant to change (Hersey and Blanchard, 1988). Viewed thus, the culture of an organization can be characterized as follows:

1. The prevailing beliefs, norms and values that serve to guide the behavior of individuals and groups;
2. These are shared by people throughout the organization; and
3. Culture is developed over a period.

The collective beliefs, norms, and values affect the daily behavior of employees at two levels. The overt level represents observable, intentional, and direct changes in behavior in terms of performance, productivity,

discipline, and efficiency at work. The covert level is characterized by obscure, unintentional and indirect influences on behavior such as commitment to the job, pride in work and motivation etc.. A combination of these elements, high performance culture implies that the employees of the organization make an extra effort to be productive, accept change, do not neglect details, do their best, are willing to try something new, develop their talents/abilities, are proud of their abilities, enjoy their jobs, seek constant improvement and display confidence in management etc.. Such a work culture promotes high morale, peak performance and better productivity through an effective utilization of all resources and elimination of all wastes, material and human, leading to a steady growth in the organization (Jacobson, 1996).

### **1.2.3 Characteristics of Organizational Culture**

Most agree that organizational culture refers to a system of shared meaning helps by members that distinguishes the organization from other organizations. The system of shared meaning on closer examination is a set of key characteristics that the organization values.

Peters and Waterman suggest seven primary characteristics that, in aggregate, capture the essence of an organization's culture.

- *Innovation and risk taking:* The degree to which employees are encouraged to be innovative and take risks.
- *Attention to detail:* The degree to which employees are expected to exhibit precision, analysis, and attention to details.
- *Outcome orientation:* The degree to which the management focuses on results or outcomes rather than on the techniques and processes used to achieve these outcomes.
- *People orientation:* The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
- *Team orientation:* The degree to which work activities are organized around teams rather than individuals.

- *Aggressiveness*: The degree to which people are aggressive and competitive rather than easygoing.
- *Stability*: The degree to which organizational activities emphasize maintaining status quo in contrast to growth.

Thus, organizational culture represents a common perception held by the organization's members. This was made explicit when we defined culture as a system of shared meaning. Individuals with different backgrounds or at different levels in the organization tend to describe the organization's culture in similar terms.

#### **1.2.4 Conceptualizing Organizational Culture**

Organizational culture is also concerned with how employees perceive the characteristics of an organization's culture, but not with whether these are liked or not. That is, it is a descriptive term. This is important because it differentiates this concept from that of job satisfaction. Research on organizational culture has sought to measure how employees see their organization: Does it encourage teamwork? Does it reward innovations? Does it ignite initiative?

Hofstede (1991) recognizes that there is considerable disagreement about what culture is, but concludes that 'it is still important to consider what makes a culture good or bad, adaptive or dysfunctional'. He describes culture almost as a physical force. Culture provides meaning, direction, and mobilization - it is the social energy that moves the organization into allocation. The energy that flows from shared commitments among group members and 'the force controlling behavior at every level in the organization'. He believes that every firm has a distinctive culture that can develop and change quickly and must be managed and controlled: 'if left alone, a culture eventually becomes dysfunctional'.



The crucial dimension of culture is norms: it is here that culture is 'most easily controlled'. More precisely, norms guide the behavior and attitudes of the people in the company that are of greatest interest and significance. They have a powerful effect on the requirements for its success – quality, efficiency, product reliability, customer service, innovation, hard work, loyalty etc.. This is the core of most (American) texts on organizational culture (Webstar, 1989).

Denison (1984) argues that 'the strength of a culture influences the intensity of behavior' and the 'strength' of a culture is determined by 'how many important shared assumptions there are', how widely they are shared, and how clearly they are ranked. A 'strong' culture is thus characterized by homogeneity, simplicity and clearly ordered assumptions. In a 'complex' culture - by definition - assumptions will probably be very difficult to identify and rank, and it can even be argued that such a measurement approach distorts the phenomenon it is supposed to study (Harrison and Carroll, 1991).

The culture makes an organization strong or weak. According to Hofstede, Neuijen, Ohayv, and Sanders (1990), 'the ideal culture is characterized by a clear assumption of equity, a clear sense of collective competence and an ability to continually apply the collective competence to new situations as well as to alter it when necessary'. Kanter (1989) talks about 'the culture of pride', which are good, and 'cultures of inferiority', which any sane person will avoid.

Organizations exist in the society and derive their strength from it. The way an organization functions is affected not only by managerial powers but also by underlying cultural forces. The cultural value base, therefore, is a central organizing principle of employees' comprehension of work, their approach to it and the way they expect to be treated. When management processes and practices are inconsistent with these deeply held values, employees are likely

to feel dissatisfied. On the other hand, when management practices are consistent with their cherished value system, employees exhibit high performance outcomes (Newman and Nollen, 1996). Thus, the work behavior and individual/group expressions representing culture are socially constructed and related to anthropological concepts (Hofstede, 1990), thereby supporting the argument that cultures exert a magical effect on behavior at work (Newstrom and Davis, 1995).

Some of the dimensions registering impact include power orientation, achievement orientation stimulation, conformity and benevolence (Schwartz, 1992).

Organizational culture is often defined in terms of shared meanings – patterns of beliefs, rituals, symbols and myths that evolve over time, serving to reduce human variability and control and shape employee behavior in organizations (Peters & Waterman, 1982; Wilkins & Ouchi, 1983; Lorsch, 1986; Weick, 1987; Denison, 1990). The development of organizational culture is a natural socio dynamic process, which occurs regardless of the intent of executive leadership, although it may be influenced by management (Schein, 1985). While organizations may develop a relatively homogeneous culture (Peters & Waterman, 1982), unique and divergent sub-cultures may evolve for separate departments or sub-groups within the organization (Gregory, 1984).

We witness a paradigm shift in approach as explained by Ivancevich and Matteson (1987) to analyze organizational culture. The current interest is on shared belief, attitude, value systems etc. rather than organization charts, accountability relationship, job descriptions etc..

### **1.2.5 Dynamics of Organizational Culture**

Organizational culture can help a manager understand what binds people together in the workplace. It can be an important tool for changing an organization's strategy. Where the company wants to go in the future is linked to its values, as is its cultural underpinning.

According to Marcoulides and Heck, (1993) a combination of various factors such as openness, team spirit, autonomy, participation, recognition, valuing assets and respect for the individual influence the culture of an organization.

Organizational culture can have 'formal' and 'informal' domains (Singh, 2001). Formal culture encompasses organizational processes and procedures in terms of appraisal, rewards, sanctions, the measurement of job performances etc.. Informal culture takes in topics of values and basic assumptions, represented through shared attitudes, workplace relationships, skill utilization, innovation, and teamwork and employee commitment.

When people join an organization, their values, and beliefs may not be sufficient for achieving organizational goals. Hence, they are required to adapt to the culture of the organization. Every organization has missions and goals and to attain them, it adopts unique modes and methods of operations. In the process of achieving the corporate mission, participants internalize organizational values and norms to give meaningful expression to the same in their day-to-day activities. Thus, all the members of the organization come to adapt shared values, beliefs, norms, attitudes and ways of doing things unique to the organization. This is called the culture of the organization. As Carrol and Hatakenaka (2001) concluded, 'Culture drives the organization and its actions'. It is somewhat like, 'the operating system of the organization. It guides how employees think, act, and feel.'

Culture is the unwritten, taken-for-granted part of the organization. The purpose of organizational culture is to provide members with a sense of identity and to generate a commitment to beliefs and values. Culture also enhances the stability of the organization and provides members with an understanding that can help them make sense out of the organizational events and activities (Dwivedi, 2001).

#### **1.2.5.1 Functions of Culture:**

According to Funkhouser and Ritty (1996), culture performs a number of functions within an organization.

- It has a boundary-defining role; that is, it creates distinctions between one organization and another.
- It conveys a sense of identity for organization members.
- Culture serves as a sense making and control mechanism that guides and shapes the attitudes and behavior of employees.
- It enhances social system stability. Culture is the social glue that helps hold the organization together by providing appropriate standards for what employees should say and do.
- Finally, culture facilitates the generation of commitment to something larger than one's individual self-interest. It is this last function that is of particular interest here.

The role of culture in influencing staff behavior appeared to be increasingly important in the 1990s. As organizations have widened spans of control, flattened structures, introduced teams, and empowered employees, the shared meaning provided by a strong culture ensures that everyone is pointed in the same direction. Culture enhances organizational commitment and increases the consistency of employee behavior and these are clear benefits to an organization.

### **1.2.5.2 Elements of Culture**

Two key elements help to understand organizational culture better. These two elements are content and strength of culture (Sheth, 1995). The content of culture determines its effectiveness because content describes the direction in which culture influences behaviour. The strength of culture determines its efficiency. We shall now discuss these two elements.

First, most authors agree that corporate culture involves shared values or social ideals or normative beliefs about proper behavior in various situations. The strength of a culture has to do with the degree to which these shared values have been internalized by organizational members.

The strength of a culture has to do with the degree to which these shared values have been internalized by organizational members. To begin with, a strong culture does not have to be positive; negative or destructive values can be widely held in a strong culture. In fact, many of the strong-culture companies that Peters and Waterman declared excellent in their *In Search of Excellence* in 1982 subsequently stumbled in the marketplace, although many argued that their declines were caused by environmental factors essentially unrelated to culture strength.

There also seems to be an inherent bias in the literature that a 'strong' culture, one characterized by widespread and strong normative guides to behavior, is somehow better than a 'weak' culture, which has virtually no common values or beliefs held by a significant number of organizational members. There seems to be little empirical support for such a generalization.

### **1.2.5.3 Values**

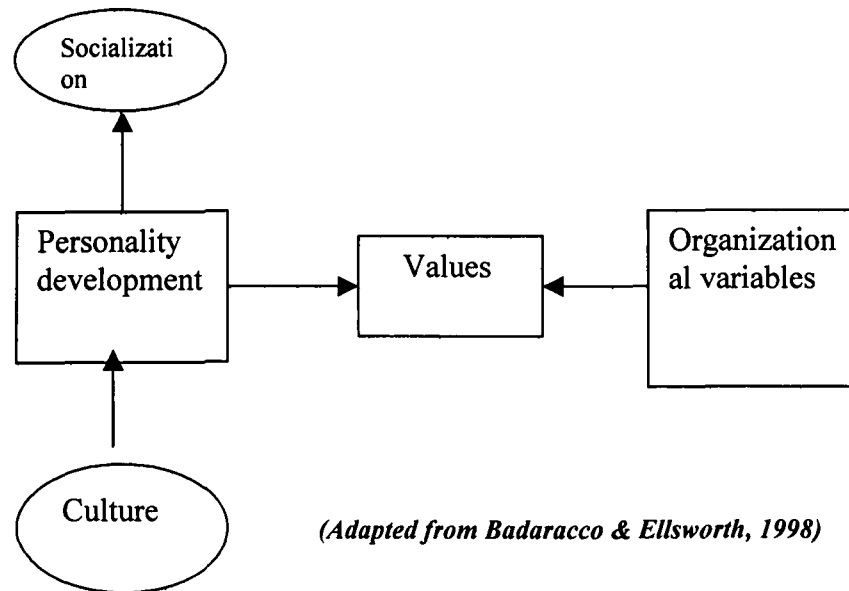
Values and beliefs are essential components of culture construct. In the organizational context too, human values and work ethics are of immense importance for the effectiveness of managers (Chakrabarthy, 1995). Values reflect the mental disposition of people comprising an organization in reference, thus strongly reflecting its behavioral patterns. It is, therefore, important to understand that values in general and work values in particular differ by cultural setting. They develop differently in different contexts and express differently under different frames of reference. As Gustavsson (1993) put it: 'Cultural values have a strong impact on us as individuals'. Values are different in different cultures, for different persons and at different times. In trying to connect the universal principle of undifferentiated values with the local, relative and differentiated ones, we may suggest that expressed values of pure consciousness necessarily contain more or less differentiation at different places (cultural differentiation) for different people (individual differentiation), and at different times (evolutionary differentiation)'.

According to Sheth (1995), 'Values are an integral part of social behavior within a culture. The anchorage of values in different areas of social life should make values an integral part of a specific culture'.

Communicating values and beliefs through managerial activities are very important. The top management must try to convince organizational members that pursuing a set of values would benefit both the organization and its members. According to Badaracco and Ellsworth (1998) 'When values and beliefs become embodied in work, they can intensify employees' commitment, enthusiasm, and drive, making the company a much stronger competitor. Shared values can give employees the incentive to work longer hours and do harder, more careful work. To some extent, they replace financial compensation that can attract more highly skilled and experienced employees.

When serving a worthwhile, creative purpose, employees can become intensely committed to satisfying service user's needs. In the final analysis, this is the bedrock of competitive advantage'.

***Fig:.1.1. Relationship between Culture, Values & Organizational variables.***



However, it must be borne in mind that the new beliefs, values, attitudes, and behavior do not develop overnight. It has been seen that culture takes time to develop. Attitudes and behavior that people depict as habit patterns develop over a period. Similarly, new habits will develop when new behavior is repeated over a period. Transforming the culture of an organization or developing a new culture entails consciously and carefully planning and designing changes in work culture.

This is opposite to the evolutionary development of culture, which is an unplanned emergence of beliefs, values, and behaviors concerning work. While evolutionary belief development of culture reinforces beliefs and behaviors developed in the past, planned or 'architectural' development of culture reinforces beliefs and behavior needed to support present and future

strategy (Conner, 1993). The distinctions between these two approaches to culture development are depicted in Fig.1.2.below.

***Fig.1.2. Culture Development***

<i>Evolutionary</i>	<i>Architectural</i>
Reactive	Proactive
Reinforces beliefs and behaviors developed in the past	Reinforces beliefs and behaviors needed to support present and future strategy
Allows for multiple, inconsistent beliefs and behaviors	Establishes multiple, but consistent beliefs and behaviors throughout the organization
Subcultures form that represent potentially contradictory beliefs, behaviors, and assumptions resulting in destructive conflict.	Subcultures form that represent different beliefs, behaviors, and assumptions, but they operate synergistically to support one another.
Unconscious assumptions are the strongest influence on the success or failure of change.	Conscious beliefs and behaviors become the most important determinants of success or failures.
Culture is difficult to manage because it is composed primarily of assumptions, which are difficult to change.	Culture is more manageable because it is composed primarily of beliefs and behaviors, which are overt and are more easily measured and changed.

(Adapted from Conner, 1993)



### **1.2.6. Organizational Culture and Organizational Effectiveness**

‘Effectiveness’ and ‘Culture’ are two topical subjects of innumerable studies worldwide. Effectiveness of any organization is the function of the members, system and structures of the enterprise playing their own roles effectively. Even if any one of the elements fails, the overall outcome is affected adversely. This being so, it is very essential to look at the micro level of an organization. In other words, organizations stated to be having great cultures could also move down the ladder if the individuals within or the structures or the systems did not align and act within the domain (Denison, 1990).

Researches (e.g. Marmol and Murray, 1995) found that a strong culture is not necessarily an effective one. In fact, cultures seem to range on a continuum from effective to ineffective. If cultural behavior by leaders is consistent with spoken values, if the culture enhances the strategic direction of the organization, and if the culture allows for individual expression and creativity, that culture is likely to be effective.

The keys to an effective and healthy culture seem to include the following:

- A leader who sets the tone for cultural formation and cultural change
- An ability to recognize and play the organization’s part in the larger whole (this is usually measured first by survival and then by profitability in the long term)
- Frequent self-examination to determine whether the organization’s assumptions, values and operating beliefs are still valid.

Deal and Kennedy make some normative statements about what they call the ideal ‘atomized’ culture of the future (1982). They think about a new kind of organizational culture that may be emerging. The ‘atomized organization’ with an emphasis on small size and flexibility of work units, is a ‘no boss’ business (i.e. it has no one with direct formal authority. Its features include a *highly*

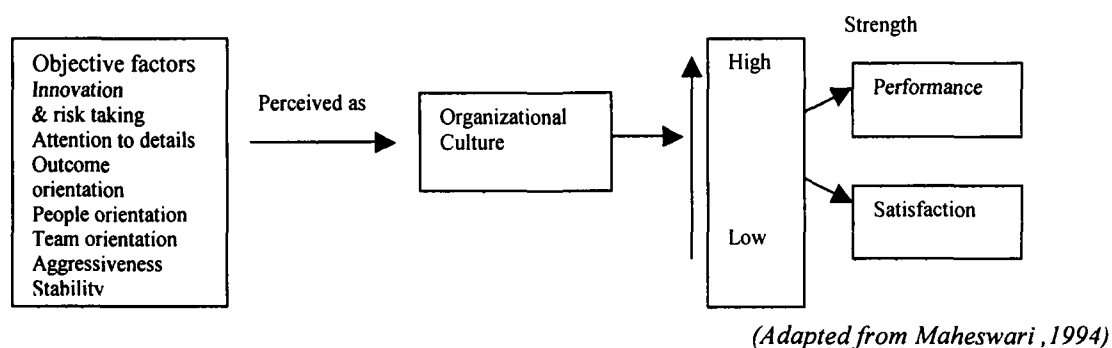
*productive workforce* with a high mean educational level and high pay; and *smaller work units* with autonomy both economic and managerial.

Trichy and Devanna (1986) see this culture as being strong within the work units as well as within the larger organization. They cite four reasons:

- Workers will be more effective if they feel in control of their destinies.
- Peer group pressure seems to be a motivating factor within the group, creating cohesion.
- Cultural bonds are stronger with high cohesion and autonomy.
- Communication technology and electronic data processing will increase work unit effectiveness.

Maheswari (1994) argues that culture influences the performance of the organization and behavior of people. With this model, she proves that certain objective factors, viz., innovation, and risk taking, attention to details, outcome orientation, people orientation, team orientation, aggressiveness and stability perceived as organizational culture, lead to high or low performance and satisfaction depending on how strong is the culture.

**Fig. 1.3. Impact of Organizational Culture on Performance and Satisfaction**



The model depicts organizational culture as an intervening variable. Employees form an overall subjective perception of the organization based on such factors as degree of risk tolerance, team emphasis, and support of people etc.. This overall perception becomes, in effect, the organization's culture or personality.

These favorable or unfavorable perceptions then affect the employee's performance and satisfaction, with the impact being greater for stronger culture.

A study conducted by Kotter and Heskett (1982) of Harvard Business School confirms the positive correlation between culture and organizational effectiveness. The study made four main conclusions:

- Organizational culture can have a significant impact on an organization's long-term economic performance.
- Organizational culture will probably be an even more important factor in determining the success or failures of organizations in the next decade.
- Organizational cultures that inhibit strong long-term financial performance are not rare: they develop easily, even in organizations that are full of reasonable and intelligent people.
- Although tough to change, organizational culture can be made more performance enhancing.

### **1.3. Decentralization of Authority**

Decentralization of authority was initially introduced in many colonies as a strategy to prolong colonial rule (Slater, 1989). However, its application in organizations as discussed by Bacharach and Lawler (1980) is to the levels, by which the jobs in the organizational rank determine both status and scope of the tasks performed. Tsui (1984) argues that the authority levels determine the job characteristics.

The participatory or decentralized approach to development activities is now favored by most bilateral and multilateral aid organizations. (Platteau, 2002). New strategies based on the idea of decentralized or participatory development have gained increasing currency among international organizations (including World Bank and the European Community) and other major bilateral aid institutions. Though the idea is anything but new (it has been implemented for a long time by non-governmental organizations, especially in Asia and Latin America), big donor agencies have embarked only recently upon participatory programmes that deserve their name because they are grounded in operational guidelines especially designed to enhance participation (ILO, 2001).

‘Decentralization’ is a central focus and a major policy recommendation in much of the development literatures (Phatak and Patel, 2005). Although many studies of development literature talk about ‘decentralization’, they are not talking about the same thing. This observation gives the impression that there is some ambiguity among social scientists about the concept itself.

The ambiguity of the concept is further compounded by a variety of institutional arrangements, which are presented in the nature of ‘decentralization’ like ‘devolution’, ‘deregulation’, and ‘privatization’ etc.. Many of the writers used ‘deconcentration’, ‘devolution’, and ‘delegation’ as

the general organizational forms of ‘decentralization’ in their works. This can be a difficulty as the term ‘decentralization’ means different things to different people. Even though with clear definitions, decentralization cannot usually be measured on a single template (Gershberg, 1998). This report included definitional framework for the commonly used terms, viz. ‘deconcentration’, ‘devolution, and ‘delegation’.

### **1.3.1 Definitions related to Decentralisation of Authority**

Some of the definitions on ‘decentralization’ and ‘authority’ are discussed in this section, to understand the concept. The meanings of above-mentioned classifications also discussed.

*Authority:* Authority is one of the most important determinants of managerial effectiveness. Bennis and Nanus (1985) regarded it as the basic energy needed to initiate and sustain actions. It provides the capacity to translate intentions into reality. Authority is at the core of all managerial actions and leadership. Authority is a source of power and the right to manipulate or change others. Authority can also be defined as the potential ability to influence behavior, to change the course of events, to overcome resistance and to get people to do things that they would not otherwise do (Pfeffer, 1981).

*Authority Distribution:* Structural features of an organization that influence people’s behavior is the distribution of authority down in the line of hierarchy. Decentralization is preferred as it recognizes and even capitalizes on the importance of the human element.

*Decentralization of authority:* Decentralization of authority will involve a meaningful participation of people in making the planning process harmonious, inter-dependent and participatory as well as relevant, authentic and implementable (Ostrom, 1983).

Decentralization is used in various connotations. The three main categories are deconcentration, delegation of power and devolution. Decentralization provides an opportunity for individual responsibility and initiative at lower level. It is also viewed as an effective training device for employees. Decentralization allows the opportunity to experience responsibility that assists in developing individual decision-making abilities. The more the lower-level personnel provided inputs or given directions to make decision, the more effective they will be.

*Deconcentration:* According to ( Pugh, 1979) deconcentration is handing over of some administrative authority or responsibility to lower levels, a shifting of workload from centrally located officials to staff outside the head office. It gives some discretion to field staff to plan and implement programmes and projects within guidelines set by the headquarters.

*Delegation:* This is understood as the transfer of managerial responsibility of some specific functions and services to semi-autonomous organizations that have a broad discretion to carry out outside the regular bureaucratic structure (Robbins, 1987).

*Devolution:* Devolution is an arrangement in which there is a reciprocal mutually benefiting and coordinating relationship between the top management and local level staff (Sherwood, as cited by Rondinelli, et al. 1989). This 'devolution' requires that local bodies be given autonomy and independence, over which top authorities exercise little or no direct control.

These various organizational forms provide a general understanding that 'decentralization' is an administrative, political, and economic arrangement in sharing authority, power, and responsibility to perform functions. We may also analyze these forms in relation to the developing countries' policies of 'decentralization'.

### **1.3.2 Conceptualizing Decentralization of Authority**

Decentralization is spreading throughout the world in response to the growing forces of democracy and popular movements (World Bank, 1999). Indeed, decentralization has become a mantra among policy makers and international agencies (Mukundan, Bray, 2000). These individuals and bodies commonly assert that decentralization can facilitate better management and governance and thus improve efficiency and enhance relevance (Mukundan, 2003). Devising successful decentralization is a complex process as it involves risk. Yet this process is critical to development. Over time, decentralized systems should allow for a more wide-ranging sense of ownership of policies and programmes (Franke and Chasin, 1994), as lower-level employees are also accountable for results and move to higher posts, bringing an enthusiasm for the consensual and responsive modes of governance that tend to develop in decentralized systems. Decentralization also holds considerable promise for partnerships between organization and grass-root communities (Jong, Loquai, and Soiri, 1999).

Decentralization has a long tradition as a political, administrative and public sector phenomenon. It concerns the transfer of responsibilities and powers in different forms and formats within a sector (Smith, 1994). Decentralization of powers and responsibilities to the local level is but one of the many variations in which such a process may take place. Decentralization of the administration is absolutely necessary for development.

The growing emphasis on decentralization has been one of the factors contributing to the emergence of area approach in planning. Decentralization is certainly a functional necessity today (Samoff, 1990). Panchayati Raj institutions in India were considered as units of democratic self-government and at the same time vehicles of participatory process in development. If people are to be involved in the functioning of the institution or development programmes, decentralization of power is necessary as people will have an opportunity to get

involved in development programmes (Wunsch, 1991). The base of the idea is that decision-making levels should be brought closer to the people. An appreciation of what precisely are some functional reasons for decentralization in the Indian context is given in later paragraphs.

The increased role of employees in planning and decision-making, as a result of authority decentralization, is the expected output of decentralization. Studies, e.g. Herman (1975) showed that job involvement and organizational commitment are additional attributes and positively related to the authority level. If decentralization in authority is practiced, it can encourage employees to make human contributions that might not be forthcoming in centralized situations (Mukundan, 2003). In this respect, by reducing the number of links in a chain of control and reducing delays in the processing of decisions, decentralization can help to improve efficiency in organizational systems (Carley, 2001).

For development projects where quick decisions are required for smooth operation, decision-making is of vital importance. Multiple layers of hierarchy insulate the top management from the grass-root level (Chaudhary, 1978). Thus decentralization of responsibility and authority coupled with a faster communication system help in a quick and effective decision system, which is so vital to the smooth operation of an organization.

As suggested by Malayadri (1997) in the voluntary organizations of service sector, the effectiveness of an organization lies with its employees. It is very crucial that the employees working in informal sectors are empowered to deliver the services to the public. To achieve this, they have to be a party in the planning and decision-making phases. Venkatapathy (2000) suggests that the only way to ensure success and high efficiency of human resources is through empowerment, and McClelland proved that power remains the greatest



motivation for human beings; it is the ability to do the things better by their own (1975).

But there are also arguments against the adoption of decentralization as a foolproof tool for high performance. As 'there does not exist any ideal decentralization scenario, what is appropriate and feasible in one context might be counterproductive in another' (Govinda, 1997), or 'in some settings decentralization can actually obstruct achievements of goals, and it should therefore not be advocated bluntly and vaguely in all circumstances with a one-size-fits-all approach' (United Nations, 1992).

### **1.3.3 Strengths and Weaknesses of Centralized and Decentralized systems**

The literature survey identified major strengths and weaknesses of both centralized and decentralized systems, which can be a part of this discussion, and is mentioned below.

#### **1.3.3.1 Strengths of centralized systems**

- Provides uniformity of standards and policies among organizational units.
- Allows use of outstanding talent in managers by the whole organization rather than a single unit.
- Decisions are uniform, helps eliminate duplication of efforts and activities.

#### **1.3.3.2 Weaknesses of centralized systems**

- Floods communication to a few individuals at the top of the organization.
- Makes great demands on a few managers rather than spreading responsibility.
- Personalizes decisions to the judgments of a few key decision makers.
- Forces top managers to possess a broad view that may be beyond their capacity.

- Gives vast amounts of power to a few individuals.
- Reducing the sense of participation to all but a few.

#### **1.3.3.3 Strengths of decentralized systems**

- Distributes total responsibility to more managerial units.
- Helps develop more personnel in decision making process.
- Shortens line of communication.
- Places decision-making close to situations affected by decisions.
- Allows more people to use skills and talents in decisions.
- Disperses power among many persons.

#### **1.3.3.4 Weaknesses of decentralized systems**

- Lacks uniformity of standards and policies among organizational units.
- Capable managers are not always available or willing to participate in decision-making.
- Creates problems of coordination between separate organizational units.
- Inter-unit rivalry can interfere with the total organizational operations.
- Requires training programmes that may be time-consuming and costly (Carvell, 1975).

### **1.3.4 Experiences of Decentralization of Authority in Public**

#### **Administration**

Since independence in 1947 in India, the concept of decentralization has been discussed and practiced for many decades by now in some form or the other, although decentralization may have been informally practiced rather than formally recognized. After independence, from time to time many committees have recommended decentralization of governance, especially in rural areas, to give it a more formal structure and validity. In the post-independence period many committees namely Balwantrai Mehta Committee (1957), Ashok Mehta

Committee (1977), and Sakaria Commission (1988) strongly argued for people's participation at grass-roots level.

The scheme of democratic decentralization through Panchayati Raj institutions in India was well conceived as a mechanism to mobilize people's participation in development programmes. However, with a few exceptions, the scheme has failed to flourish. The relationship between officials and non-officials, between the state and local level political leadership, transfer of responsibility for developmental work without resources, and inability to build grass-root level competence are among the reasons identified for the failure of this experiment. Moreover, government departments are more interested in exercising direct control over their field units rather than in collaborating with the people or their representatives in the local bodies, because bureaucracy doesn't trust people.

Decentralization of authority was well experimented in public administration. Since it was difficult to implement in public administration, benefits derived from various experiments have not been up to expectations. The available case studies in decentralization of authority belong to the field of public administration only. Unfortunately, most of them are stories of failures only. Lack of political will, administrative resistance, inadequate financial, human and physical resources and the central and state government's power to supersede local authorities hanging over them, as a Damocles' sword are some of the reasons for this (Bray, 2003). Based on these reasons, this report suggests that the concept of authority decentralization is difficult to be implemented in governmental set-ups with bureaucracy and is better recommended for the case of alternative organizational set-ups like development projects.

### **1.3.5 Experiences related to Decentralization of Authority in Kerala**

Following the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments, decentralization efforts in the country have received increasing emphasis in several states. However, the Kerala government's bold moves to decentralize all relevant functions to local institutions with an adequate financial backing and transfer of staff from the line departments clearly marked a new era in decentralization of authority in India. The Kerala experiment initiated under the 'People's Campaign for Decentralized Planning' made a new beginning by devolving a large proportion of the state plan fund to local authorities for local development (Franke, 2000).

The decentralization process was initiated in Kerala during 1997-98. Its main features comprise transfer of functions to different local authorities, financial allocation through statutory and formula-based transfer, and a participatory and rational planning process to ensure appropriate and equitable utilization of funds. It aims to be flexible while ensuring accountability and transparency in the process.

### **1.3.6. Suggested Parameters of Decentralization of Authority**

Based on the literature review this study finds certain other elements like employee participation in decision making, and employee empowerment. may have a link with decentralization of authority.

#### **1.3.6.1. Employee participation:**

Literature uses different terms to evoke employee participation. Some papers use employee participation and others use employee involvement. However, a deeper review suggests that participation is a more limited term. It is a subset within the larger framework of employee involvement. All employee involvement programmes include some form of employee participation but the term *participation*, per se, is too narrow and limiting.

Why would management want to share its decision-making power with subordinates? There are a number of good reasons. As job has become more complex, managers often do not know everything their employees do. The person sitting at the policy level may not know what should be done for the beneficiaries of the project on priority basis, but the person working at the field level is in a better position to set the priorities and hence the goals (Ekbal, 1998). Thus participation allows, those who know that most, to contribute more. The result obtained can be in terms of better decisions. The interdependence of tasks that employees often do today also requires consultation with people in other departments and work units. Through the employee involvement programmes organizations empower employees to make decisions that are best for the beneficiaries of the organizations. Participation in decision-making increases employees' commitment to the goals of the organization, and hence the overall productivity.

Participation, in its various dimensions, is recognized as a basic principle of action, an overall development strategy (Parayil, 2000). Employee involvement has become a convenient term to cover a variety of techniques. It encompasses such popular ideas as employee participation or participative management, workplace democracy, empowerment and employee ownership. Although each of these ideas has some unique characteristics, they all have a common core – that of employee involvement. The underlying logic is that by involving workers in those decisions that affect them and by increasing their autonomy and control over their work lives, employees will become more motivated, more committed to the organization, more productive and more satisfied with their jobs.

#### **1.3.6.2. Employee empowerment:**

Empowering is a process that has evolved in response to trends towards a greater degree of responsibility and involvement amongst employees in the running of their organizations (Gupta 1999). This trend has emerged as most

organizations recognize the capacity of their human resources to improve and enhance business performance. Apart from providing conditions such as offering the necessary support and reorganization, the management is also expected to remove conditions that foster powerlessness.

According to Dobbs (1993) empowerment can be defined as a process of sharing power and providing an enabling environment to encourage employees to take initiative in action at all levels in order to achieve organizational and individual goals. It is a process evolved in response to trends towards a greater degree of responsibility and involvement among employees in the running of an organization. Burke, (1986), defines the concept; 'empowerment' involves a creative act that frees a person, a group, an organization, and even a total system to behave in new ways'. On the other hand, empowerment is sharing equally decision-making powers among all in the organization. It is the paradigm of all being owners of the organization and everyone equal in all spheres. It is a way of handling employees very delicately by sharing equally all the resources, material, information and confidential issues.

Several authors in this field are concerned about both empowerment and participation. They regard empowerment as a process through which individual, as well as groups and communities, identify, and shape their action and the kind of progress or development, which they foresee as the results of the developmental interventions. The literatures say that in any case, for any decentralization policy to succeed, there is an evident need to strengthen capacities at ground level (Govinda, 1997).

## **Chapter 2**

### **Development Projects**

Development is one of the most fascinating words with connotations in social sciences ever since humanity thought about the transformation of human collectivities. Development is always defined as a natural process of social evolution effecting changes in all fields of social life multi-dimensionally (Bob, 1998). It can also be defined as a process of change by which man and society establish higher and more effective forms of activity, organization and knowledge in all fields of human life (Sivakumar, 1990).

The concept of development projects is currently accepted and applied at international, national and regional levels (Platteau, 2002). It is widely seen as a vehicle for achieving development in various sectors in the coming era also. As the concept of development projects is different from other institutions and organizations, it is required here to explain the concept.

Development projects are basic instruments of intervention to bring about some form of change and means by which external assistance is brought to influence the development of a particular area or region (Oakley, 1991). A majority of development agencies functions based on projects and it is by means of such projects that they ask to promote people's participation.

The contemporary society is brimming with programmes and projects sponsored by the government and non-government organizations (NGOs) within and outside the country. People - both in rural and urban areas - are witness to such programmes and projects launched by change agents for uplifting the weaker segments of society, advancement of the prospective sectors of economy, preservation of the potential components of ecology and participation of the masses in the democratic processes of the polity etc.



([www.aidprojects.org](http://www.aidprojects.org), 2006). These programmes and projects often serve as turning points in the status of people, state of the environment, stability of the political system and sustenance of the development process, which was hitherto dormant and dogmatic.

Global leaders at the Millennium Summit in September 2000 committed themselves to the ambitious targets for reducing poverty by 2015. The Millennium Development Goals include: halving extreme poverty and hunger, achieving universal primary education and gender equality, reducing under-five mortality and maternal mortality by two-thirds and three-quarters respectively, reversing the spread of HIV/AIDS, halving the proportion of people without access to safe drinking water and ensuring environmental sustainability ([www.un.org/millenniumgoals](http://www.un.org/millenniumgoals), 2006).

## **2.1. Definition of Development Projects**

Normally, a programme is of a higher order, designed with a broader canvas of objectives and aimed at benefiting a greater number of people in a larger area of space, stretched over a longer span of time. A project, on the other hand, is part of a programme with specific objectives, limited target coverage, operating in a selected area and spread over a shorter period (World Bank, 1996). A development project refers to the schematic framework, comprising a series of schemes and activities, aimed at the progress of poor and backward communities (Nyerere, 1986). Such projects are based on the prosperity of potential activities and the protection of a deteriorating environment consciously designed by change agents in consultation with the target community based on a scientific and systematic analysis of the local socio-economic and geo-political situation (World Bank, 1988).

## **2.2. Relevance of Participation in Development Projects**

While analyzing the success or failure of any developmental endeavor, it can be seen as predominantly the result of a set of factors operating collectively at

a particular point of time as well as a period of time. Prominent among them are the project design, resource availability, effective management, efficient personnel, community participation in decision making, a conducive environment and a congenial atmosphere prevailing internally and externally.

In the case of development projects, participation is to be considered as a key element. This was established by an earlier study, which says that 'Rural Development depends mostly on the participatory and decentralized models practiced by implementing agencies, institutions and implementation personnel' (Paul, 1987). According to a study on rural development projects in Andhra Pradesh in India, it was found that, a higher percentage of achievement has been seen in districts with a greater involvement of people, institutions and administrations (Bob, 1998).

Participation is a contemporary catchword in development studies, particularly in the field of social development. The identification of 'participation' as an important alternative strategy in developmental activities can be attributed to realization of objectives where as the previous strategies did not have much impact on improving the results (Bob, 1998)

It could be argued that, in terms of thinking and practice about development, we are currently in the age of 'participation'. For the past 30 years or so, those initiating a process of development in the less developed countries have continuously sought and experimented with alternative solutions to poverty. While it is historically impossible to pinpoint the emergence of these strategies with complete accuracy, it could be said that disenchantment with development strategies in the mid-1970s led to the emergence of 'participation' as a major new force in development thinking ( McMichael, 2000).

People's participation in development projects is broadly understood as an active involvement of people in making decisions about the implementation of processes, programmes and projects that affect them (Taori, 1998). Participation, as it has existed in practice, has often been less than ideal, and the term has covered a wide variety of activities (Slocum, Wichhart, Rocheleau et.al., 1995). Over the decades, such diverse actors as the World Bank, universities, national and international non-governmental organizations, religious groups and bilateral development agencies have rediscovered the merits and suitability of participatory methods.

We define participation as a process through which primary stakeholders influence and share control of their development initiatives, decisions and resources (Bacharach, and Lawler, 1980). Mainstream participation means adopting institutional reforms and innovations that are necessary to enable full and systematic incorporation of participatory models in the work of the institution so that meaningful employee participation becomes a regular part of a project. In other words, the employee's participation is a necessary precondition for the successful implementation of any plan. The increasing recognition of the inadequacies in total dependence upon a professionally dominated style of intervention resulted in the emergence of new approaches like 'bottom-up development', 'putting people first', and 'putting the last first' etc. (Oakley, 1991). Whatever be the merits of these approaches, the essential demand is a shift in the style of development intervention, i.e., the one single idea that has emerged from this major reappraisal of development is the need for greater participation.

Participative culture is premised on the notion that employees are more committed to decisions made with their participation than to those imposed on them. Group problem-solving leads to better decisions because several new points and information are shared during discussions (Rifkin et al, 1998). Participative cultures tend to emerge where most organizational members are

professionals or see themselves as equals. An employee's participation is a necessary precondition for the successful implementation of any plan. This is based on the assumption that the process of an employee's development is not likely to strike very deep roots unless the target groups themselves are part of it.

Efforts during the past decade to bring participation center-stage in development have yielded a rich dividend of learning, much of it now echoed in the guiding principles of ownership and partnership in many of the comprehensive development strategies in many countries and also in the United Nations. Participation is about ownership from the bottom up (Bamberger, eds., 1983). It has been known for some time that strong participation on the ground by primary stakeholders boosts project performance. More recently, participation has shown promise in several areas outside the project framework: for informing national policymakers (Oakley and Marsden, 1984), for planning and implementing large-scale government programmes (Korten, 1983), and for encouraging good and often local governance (Rao, 2001). This has made clear the need for better partnerships with secondary stakeholders – not just for more ownership by primary stakeholders.

The conclusion is that 'Participation' has become synonymous with 'Development' and hardly does one come across any strategy evolved for improving development requirements without the component of participation (Marsden, 1984). The present study is an attempt to highlight results whatsoever possible with participation of employees in developmental strategies and in improving the performance of the development projects. Though attempts were made towards developing an agreeable strategy for a uniform component of participation, it is evident that participation in various developmental programmes remains an evolving process.

### **2.2.1. Arguments for Participation in Development**

The proponents of participation have put forward a number of substantive arguments for the inclusion of participation of employees as an essential ingredient in planning and management of development projects. Srivastava and Jaiprakash, (1996), have argued in favour of participation in development projects. The following are the important general arguments in favour of participation.

- Participation implies a greater chance that resources available for development projects will be used more efficiently. There is general support for efficiency because resources are mobilized and utilized to best advantage.
- Participation will make projects more effective instruments of rural development.
- Participation will enhance self-reliance.
- Participation as fundamental to developing a self-sustaining momentum of development.

### **2.2.2. Obstacles to Participation**

Although recognized as an important ingredient in the success of development projects, it has been realized that participation is susceptible to a range of obstacles. A number of studies have come up with the problems in practicing participation, or more fundamentally, serious obstacles that can frustrate attempts at a participatory development. Uphoff identified these obstacles as structural, operational/administrative, and social (Uphoff: 1985, 1996). Structural obstacles can be attributed to the political environment within which development intervention has been attempted. A centralized political system, legal system and prevailing ideology do not encourage comments from lower levels and it is the management that maintains direction and decision-making.

Administrative obstacles are commonly attributed to over-centralized planning, inadequate delivery mechanisms, lack of lower level coordination,

irrelevant project contents (goal-setting) etc. (Curtis et al, 1982). It is very difficult to assume that these obstacles can be managed locally and manipulated in a way favourable to a meaningful participation without a decentralized approach to rural development and the involvement of employees and locals.

### **2.3. Relevance of Development Projects in Kerala:**

A narrow strip of land nestling in the southwest coast, the state of Kerala takes up a mere 1.27 per cent of India. The 1991 census estimated the population of Kerala- about 600 km long and 11 to 120 km wide – at 29.098 million, forming 3.44 per cent of the nation's total and indicating a density of 749 people per sq.km.

Kerala ranked 9<sup>th</sup> in terms of per capita state income in 1993. While it stood 12<sup>th</sup> in terms of per capita consumer expenditure in 1973-74, it now occupies the 4<sup>th</sup> slot (Krishnan, 1995). In 1973-74, 59.71 per cent of the population was estimated to lie below the poverty line, but this dropped to 32 in 1987-88 (Planning Commission, 1993). Kerala ranked the 5<sup>th</sup> highest in 1973-74 but slid to 12<sup>th</sup> in 1987-88 along a poverty ratio slope. Since poverty is measured in India on the basis of the distribution of per capita consumer expenditure, the decline in Kerala's poverty is a direct reflection of the improvements in per capita consumer expenditure. During this period, a large number of Keralite workers migrated to the Gulf countries and their remittances were primarily responsible for this rise in per capita consumption (Economic and Political Weekly, 1994). Neither a high level of poverty nor a low level of per capita income stood in the way of this southern state's strides in literacy and mortality rungs.

The significance of Kerala's story of development becomes fully obvious only in the context of a comparative setting. One of the smaller states in the Indian Union, Kerala surpasses all other states in levels of human development. Kerala's HDI (Human Development Index) is estimated to be 0.775 compared to 0.744 for Punjab while its per capita state domestic product is less than half of Punjab. The access to education and healthcare is primarily responsible for this result (Planning Commission, 1993). In the case of Kerala, its per capita income is not only low compared to many low-income countries but is even

lower compared to most other states of India. Therefore, Kerala's relatively high level of human development is largely the outcome of the state's achievements in education and health.

As a consequence of social developments, Kerala presents a singular case of a contemporary developing society wherein health and demographic transitions were achieved within a single generation – in a period of 35 years (Krishnan, 1994). An important lesson from this dramatic fitness and demographic transitions for poorer nations is that these improvements can be de-linked to a large extent from an increase in per capita income. Also, these transitions can be not only complementary but also contemporaneous.

In Kerala, social development indicators are more favorable than in other states. These have been attained perhaps courtesy a significant role played by various developmental interventions – multi-professional, multi-sectoral and multi-disciplinary in nature (Oommen, 1999).

In this background of mixed socio-economic development trends, one question may arise – can high-income growth promote or accelerate social development? The answer would be rather inconclusive; it should, but a substantial time lag may exist before any social transformation.

While private initiative may raise growth rates of income, the trigger for social development is invariably public action. Increase in per capita income alone is inadequate to accelerate the rate of social development. The early history of social development in Kerala indicates that vigorous public action could indeed transform the level of social development and cause major improvements in social indicators even at low levels of per capita income. It is important to realize that the complementary connection between income growth and social development is probably weak at low levels of per capita income. But it could be compensated by adequately strong public action



(Sreekumar and Sajeew, 2003). At high levels of income it may not necessarily be so since there would be sufficiently strong incentives for private initiative in developing the institutional infrastructure necessary for social development. This leads to the necessity of development projects. The lesson given by the 'Kerala experience of development'<sup>1</sup> is that no country needs to wait for an increase in per capita income to improve the wellbeing of its population.

A concentrated and well-articulated set of social policies and programmes encompassing education, nutritional support, sanitation and protected water supply, agriculture production, etc. can hike life expectancy and even social status (CDS, 1975). While public action is essential for the implementation of such a programme (Ibid.), it would not succeed without the participation of the people. As development projects with pro-active public and governmental participation can enhance development in all sectors, such projects have much relevance in Kerala.

In brief, this state is projected as a model of development in the country because of its high rate of literacy, lowest infant mortality rate, low death rate and high life expectancy – all comparable to that of even some of the developed countries. Kerala has also succeeded in improving the physical quality of the ordinary man apart from raising the overall social consumption of the people (Oommen, 1999). But the negative aspects of development attempts and lack of a balancing approach in its plans during the past adversely affected the development of various vital sectors. Education is an exemption for this. Agriculture, information technology, employment opportunity etc. are sectors that did not receive adequate attention. Hence, specially designed and formulated projects have become necessary for the development of these neglected sectors in the state.

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<sup>1</sup> Instead of the much proclaimed usage of 'Kerala Model of Development', the researcher like to mention 'Kerala Experience of Development', as there can not be seen such a model. Attempts to prove or disprove the existence of a Kerala model of development are misplaced since most authors who discuss this question do not state explicitly their concept of the model of development.

The progress of various development projects testifies that very few succeed in achieving their goals and a large number fail in meeting their targets ( Kannan, 2005) and are even forced to close down before the stipulated time period. This leads to the state and nation incurring heavy losses as huge amounts of money, manpower, time and effort are spent on such project. As majority of interventions are sought, external agencies that aid financially strapped and vulnerable sections are of great help. But repeated failures of development projects assisted by external agencies will force the latter to rethink funding such interventions and even withdraw the promised supports ( [www.aidprojects.org](http://www.aidprojects.org), April, 2006) – a situation to be avoided at all costs.

Based on the review of literature and discussions with development professionals the following arguments are formulated as reasons for failure of such projects.

For successful implementation of any project activities, the staff through whom the activities are being implemented should participate not only in the implementation phase, but also in goal-setting and decision-making processes. For that they need to be empowered and involved. In order to have a role in decision-making and the goal-setting process, they have to be handed authority.

Unlike a permanent organizational structure, in development projects where targets are time-bound, the staff should have the necessary commitment as well as professional compulsion to put in hard work with a service motive. This is because their service in the organization is recognized by their dedication to the organization, target community and to their job. In this situation, if people feel powerless, it leads to a helpless situation, which in turn affects organizational effectiveness. The work atmosphere in these organizations requires them to be active, hardworking, honest, quick,

innovative, dynamic and dedicated. We need to find out whether the project management provides such an organizational atmosphere.

Among the various approaches for development projects, one which is found to be suitable is the decentralization of authority, i.e., planning from above to be matched by a process of planning from below, as people at the grass-root level know local problems better and can effectively solve them (Jayalakshmi and Rahim, 1996).

It is known that development projects have been working for over three decades in the field of employment generation, poverty alleviation, increase in income and consumption levels, people empowerment, provision of improved infrastructure facilities, modification of cultural patterns and changes in old social values and traditional organizations etc.. It appears now that the involvement of projects in these fields is likely to grow in the coming years with more agencies, personnel, and expertise coming in. Thus, development projects will be perceived as symbol of national progress. Only carefully planned and judiciously executed development projects have the potential of paving the way for social change (Parasuraman, 1995). It is therefore appropriate to take stock of the experience in implementing such development strategies so far to draw some lessons for the decade.

## **2.4. Profile of the Projects covered under study**

The selected eight projects are in areas of e-governance, poverty alleviation, primary education, agriculture, water supply and sanitation etc.. All projects work with the support of external funding agencies, under or associated with the state government. The following portion gives a short introduction to the projects telling their major areas of activity, implementation strategy etc..(Sources <sup>2</sup>)

### **2.4.1. District Primary Education Programme (DPEP)**

The DPEP is for raising primary educational standards in seven districts of Kerala. It started as two phases in 1994-1999, 1999-2004 in the seven districts with a special thrust on the quality improvement of primary education together with achieving total enrollment and retention of all children up to class IV.

The DPEP - initiated through the funding support of an external agency - was an attempt to turn district level educational planning into concrete action. It was an ambitious national programme firmly rooted in the National Policy on Education, aiming to achieve 'Education for All by 2010 AD'.

#### *Objectives of DPEP:*

- a) Universal access to primary education through formal schools or their alternatives.
- b) To reduce overall dropout rate to less than 10%.
- c) To increase achievement level to 25%.
- d) To reduce disparities below 5%.

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<sup>2</sup> DPEP (2003), VFPCCK (2001), NAPC (2004), [www.jalanidhi.in](http://www.jalanidhi.in), March 2006, KERALED (2004), IKM (2003), Kochi Corporation (2003), [www.esafindia.in](http://www.esafindia.in), March, 2006

*Focus of DPEP:*

- Providing all children with access to primary education either in formal or non-formal education programmes.
- Reducing differences in enrollment, dropout and learning achievement to less than 5% between boys and girls and also for disadvantaged social groups.
- Reducing overall dropout rate to less than 10% of all students.
- An increase of at least 25% in average primary learning achievement level.
- Facilitating access to disadvantaged groups, girls, socially backward communities and the handicapped.
- Improving the quality of education.
- Upgrading teacher skills.
- Community involvement in programme planning.
- Strategy for convergence with other agencies.
- Improving infrastructure facilities.

<b><i>Table 2.1. Details of project- D P E P</i></b>		
<i>No</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	Primary Education
2.	Staff strength	87
3.	Period	1999-2004
4.	Area of coverage	7 districts in Kerala
5.	Funding	World Bank funded

*(Source: Annual Report, 2003)*

#### **2.4.2. Vegetable and Fruit Promotion Council Keralam (VFPCCK)**

The Vegetable and Fruit Promotion Council Keralam (VFPCCK) was formed as a joint venture of the Kerala government and the European Union. VFPCCK works to improve the overall status of the fruit and vegetable sector in the state.

VFPCCK is equipped with infrastructure facilities with a rich experience in conceptualizing, developing, implementing and evaluating novel concepts. The operational advantages of the present structure are that planning and implementation of the activities is done in a better way. Monitoring of the activities planned is also done effectively. VFPCCK has its base in the 60,000 highly motivated and innovative farmer-members ready to undertake new activities related to production and value addition of fruits and vegetables in a sustainable way to enhance their income.

##### *Objectives:*

The main objectives of the council are the following:

To support, maintain, increase and promote the commercial production of vegetables and fruits and their consumption by: -

- a) Facilitating an optimal and sustainable utilization of technology, human and natural resources,
- b) Improving the livelihood security of the dependent farmers by empowering them through access to technology, skills, (material) inputs, credit and infrastructure.
- c) Ensuring a better share of income from cost-effective production and producer oriented marketing.

The VFPCCK implements these programmes through components as follows

- Project Area development & Building Capacities for Sustainable
- Self-Help Groups.
- Participatory Research and Problem-Solving activities.
- Increased Productivity & Quality Planting Materials.
- Participatory Credit Management.
- Group Marketing, Export.
- Value Addition, Production and Market Information.
- Monitoring and Evaluation and Procedural Aspects

<i>Table .2.2. Details of projects- V F P C K</i>		
<i>No</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	Agriculture Development.
2.	Staff strength	141
3.	Period	2001Apl-2006 March
4.	Area of coverage	All over the state
5.	Funding	European Union funded

*(Source Corporate plan for VFPCCK for 2001-2006)*

#### **2.4.3. Nadukkara Agro Processing Company (NAPC)**

The Nadukkara Agro processing Company has been promoted by the European Union and the government of Kerala to utilize the rich agricultural potential and promote cultivation of high-value horticultural crops in the state with key benefits to the farmer. One of the components of this programme was to establish a modern fruit-processing factory for the commercial processing of pineapple, mango and other fruits for value addition and ensuring supplementary income to farmers through a successful transfer of technology. The programme is implemented through an autonomous Programme Directorate, which facilitated, guided and co-ordinated all programme activities. The factory is situated at Nadukkara, Avoly Panchayat, near Muvattupuzha - in the heart of Kerala's pineapple growing area.

<b>Table .2.3. Details of project-NAPC</b>		
<i>Sl.No.</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	Fruit Processing
2.	Staff strength	74
3.	Period	2000-2010
4.	Area of coverage	Ernakulam District in Kerala
5.	Funding	European Union

*(Source: Annual report for the year 2004-05)*

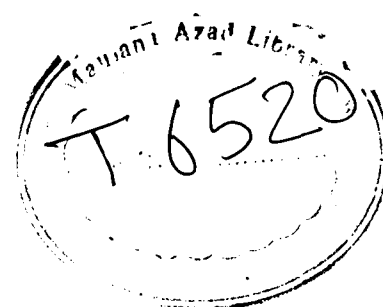
#### **2.4.4. Kerala Rural Water Supply and Sanitation Agency (KRWSA)**

This is a World Bank-assisted project of the Department of Water Resources, Kerala government. The project is operationalized through gram-panchayats and beneficiary groups, thereby acknowledging and strengthening the efforts of decentralized planning in Kerala. The government of Kerala has overall responsibility for implementing the state project and the national component with the Government of India.

##### *Objective of the Project:*

The objective of the project is to provide

- a sustainable supply of safe drinking water,
- sustainability of source,
- sustainability of operations,
- regularity and adequacy of supply and
- ensuring the quality of water.



This is being met through well-integrated components.

- The sustainability of source is ensured through Point-Source recharge measures.



- The quality is ascertained through a mix of sanitation and hygiene promotion and provision of infrastructure like latrines, compost pits etc.
- The sustainability of the system is ensured through community empowerment, capacity-building, women empowerment and social mobilization.

Unlike the supply driven approach hitherto followed, this project is implemented based on the need of the people. The project is introduced only in areas where interested groups of people show their willingness to participate in the project and abide by the conditions of cost-sharing.

*Major Components:*

- a) Institution Building covering Project Management and Capacity building.
- b) Community Development and Infrastructure Building.
- c) National Sector Development

A detailed Project Implementation Schedule has been developed for a six-year project implementation period from January 2001 to December 2006. The project will be implemented in 80 Gram-Panchayats (GPs) in 5 successive but overlapping batches consisting of 5, 15, 20, 25 and 15 GPs, respectively.

<b><i>Table .2.4. Details of projects- KRWSA</i></b>		
<i>Sl.No.</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	Drinking water
2.	Staff strength	69
3.	Period	2001-2006
4.	Area of coverage	7 Districts in Kerala
5.	Funding	World Bank

(Source: [www.jalanidhi.in](http://www.jalanidhi.in), March 2006)

#### **2.4.5. Kerala Kerakarshaka Sahakarana Federation (KERAFED)**

The Kerala Kerakarshaka Sahakarana Federation is formed as an apex body of the co-operative societies involving the state's coconut farmers. For over 27 lakhs coconut farmers, Kerafed has been a beacon of hope, offering attractive support prices for coconut and copra (dry coconut) during unfavorable market conditions, procuring copra under a price support scheme on behalf of NAFED, under the Government of India, and rendering value added services to enhance their earnings via improved productivity, and by assisting them in production and procurement. Apart from these, the federation organizes periodic extension activities to help farmers, like demonstration farms, training camps, exhibitions, seminars and publication and distribution of bulletins and literature on coconut farming

##### *Objectives of the Project*

- To reduce edible oil imports
- To provide an impulse effect on the internal production of coconut
- To develop the agricultural potential of Kerala
- To strengthen the co-operative movement
- To secure the marketing of coconut and its by-products, thereby assuring economic returns to growers; .

##### *Components of the Projects*

Functioning: For effectively and efficiently carrying out the administrative and operational practices on a day-to-day basis, Kerafed sees its state of abode as three- Northern, Central and Southern regions. Each region has about 300 primary agricultural credit co-operative societies functioning, organizing farmers to take up production, procurement and marketing activities.

##### *The project's overall components are:*

- Strengthening 900 Primary Agricultural Cooperative Societies (PACS) with 3,000 members each on average.
- Extension activities and supply of inputs

- Strengthening the coconut seed production programme.
- Training of PACS staff.
- Organizing a Commodity Growers' Federation at the state level
- Establishing requisite copra drying and storage facilities at PACS level;
- Establishing three processing plants, each with a capacity of 200 tonnes per day (TPD) of copra. A 200 TPD copra cake solvent extraction plant and a 30 TPD vegetable oil refinery would also be set up.
- Identifying product diversification possibilities viz. desiccated coconut, activated carbon, coconut milk/cream, etc. and formulating programmes with potential.

<b><i>Table .2.5. Details of project- KERAFED</i></b>		
<i>Sl.No.</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	Agriculture
2.	Staff strength	84
3.	Period	2001-2010
4.	Area of coverage	All over Kerala
5.	Funding	European Union

*(Source: Annual report for the year 2004-2005)*

#### **2.4.6. Information Kerala Mission (IKM)**

The Information Kerala Mission (IKM), established in June 1999, for computing the local bodies in the state has pursued one among the most ambitious e-governance programmes in the country. Visualized as a sequel to the decentralized plan campaign, which has been acclaimed as one of the most deep-rooted and extensive initiatives in strengthening grass roots level democratization. The mission during its initial phase, had put in considerable efforts to build up its perspectives and strategies.

The mission has succeeded in establishing a small and dedicated interdisciplinary team of professionals trained in various aspects of Information Communication Technology (ICT) implementation and local

body systems. This team has gone a long way in building and customizing a few software applications addressing various facets of governance in local self-government institutions; creating content for training stakeholders in operationalizing applications and drawing up a set of best practices for replicable and improvisable implementation through intensively planned pilots.

*Major activities:*

By September 2000, the mission had equipped itself with vital endowments to undertake a pilot of the first phase of IKM implementation. The mission had initiated the rollout of two major software applications – ‘Sulekha’ for plan monitoring and ‘Sevana’ for pensions, social welfare schemes, birth, death and marriage registrations - in five gram-panchayats in the Thiruvananthapuram district on a pilot basis to test the feasibility and reliability of its holistic implementation strategy.

Development of the first versions of Sulekha and Sevana were completed following the principles of participatory software development that meant intense interaction, including vetting of the prototype itself, by a wide-ranging cross-section of personnel actually involved in operations (contrary to an elitist perspective of fixing software requirement specifications and working out a pure technology solution from a programmer’s viewpoint), thereby ensuring complete functionality of the applications.

Two new design models for application development had come to light from the initial field exercises, namely a citizens’ database and an integrated project management framework. Training had always been central in mission activities right from its inception. The principles of participatory empowerment were effectively and extensively employed in the campaign for decentralization, a life-related, user-centered and activity-based pedagogy was envisioned and tried out.

<b><i>Table .2.6. Details of projects- I K M</i></b>		
<i>Sl.No.</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	e-governance
2.	Staff strength	105
3.	Period	1999-2004
4.	Area of coverage	All over Kerala
5.	Funding	Central assisted

(Source: Activity Report of Information Kerala Mission, 2003)

#### **2.4.7. Cochin Urban Poverty Alleviation Department (UPAD)**

The Cochin Urban Poverty Alleviation Department is a joint venture between the Corporation of Cochin and DFID, India (Department for International Development- India). DFID, UK, has supported slum improvement projects in Indian cities since 1984. The Cochin Corporation is fully committed to a participatory approach in slum improvement, involving comprehensive integration with improvements to citywide services and Urban Poverty Reduction Programme as a whole.

##### ***Project Approach:***

The Cochin project is advancement on earlier slum improvement projects in India. It offers a wider range of interventions, increased participation by primary and secondary stakeholders, integration with other governmental programmes, better targeting of vulnerable groups for those living outside recognized slums and capacity building for beneficiaries, service deliverers and planners. The project aims to secure livelihoods, strengthen capacities and influence systems, which offer huge potential for innovative and participatory approaches. The aim is to improve effectiveness and sustainability of the project and post-project interventions.

*Objective:*

- Better access for the economically backward strata of Cochin
- To improve livelihood opportunities and services.

*Components of the project:*

- a) Engineering/infrastructure
- b) Healthcare
- c) Economic development
- d) Land tenure
- e) Capacity building
- f) Project monitoring & evaluation

<b><i>Table 2.7. Details of project-UPAD</i></b>		
<i>No</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	Poverty Alleviation
2.	Staff strength	96
3.	Period	April 1998- April 2004
4.	Area of coverage	Kochi Corporation area
5.	Funding	DFID funded

(Source: Review Report November-2003)

#### **2.4.8. Social Action Forum (SAF)**

The Social Action Forum (SAF) was established in 1992 in response to the social and economic needs of people. It is a registered society, born out of a deep conviction that teaching and preaching should go hand in hand with social action. It implements various poverty alleviation projects of the state government, especially of Jananidhi, Kudumbasree etc.

### *Programmes in General*

- The Micro Enterprise Development (MED), which started in 1995, provides a broad package of financial services (savings, credit and insurance) as well as other business development services.
- Grass-root women training programmes: These programmes focus on developing skills of women and forming community groups for sustainable development.
- Relief work: Relief work is extended to vulnerable communities during the time of natural calamities such as flood, earthquake, drought etc.
- Housing Project: Housing loans were extended to people for providing good housing facilities.
- Community Health & Rehabilitation: The major thrusts of this department is taking care of HIV/AIDS victims and creating health awareness.
- Wholistic Mission: Conducting exhibitions, seminars, public meetings, publications, workshops etc. for the promotion of wholistic concern.

<b><i>Table .2.8. Details of project-SAF</i></b>		
<i>Sl.No.</i>	<i>Particulars</i>	<i>Details</i>
1.	Sector	Poverty Alleviation
2.	Staff strength	96
3.	Period	2000-2007-II phase
4.	Area of coverage	All over Kerala
5.	Funding	World Bank through State Government

(Source [www.esafindia.in](http://www.esafindia.in), March,2006)

## **2.5. Rationality for selection of government projects**

This research was intended to study the influence of authority decentralization on organizational culture and organizational effectiveness in development projects. Projects are implemented by a wide variety of agencies; the longer ones being carried out through special arrangements between governments and donors and only the smaller ones usually being run by different kinds of development organizations, notably NGOs<sup>3</sup> (Abdulla, Ibid.). Since the study intended to analyze the prevailing organizational cultures in development projects, smaller projects in the NGO sector with a limited number of employees cannot serve the purpose. Because of similar reasons, development projects in private sectors were also excluded. Hence, the study is limited to those projects working in the government sector.

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<sup>3</sup> Non-Governmental Organizations (NGOs) which work in relief, development, environment, welfare and human rights. For the present, assume a definition offered by Salamon and Anheier (1991, 1992) restricting attention to organizations which are formally constituted, non-governmental and self-governing.



## **Chapter 3**

### **Review of Literature**

This chapter deals with the literature review. Relevant findings and excerpts of the literature reviewed are classified and presented in this chapter. The aim is to identify the research gap to formulate the objectives.

### **3.1. Studies related to Decentralization of Authority**

McClelland (1975) pointed out that because the workers reciprocate the authority they receive from the organization, those who receive more will reciprocate more by showing positive attitudes and job satisfaction and thus authority levels are positively related to outputs.

Herman (1975) commented that the role of employees in planning and decision-making as a result of authority decentralization are directly related to performance. Other studies viz., Schneider, Benjamin, (1987), showed that job involvement and organizational commitment are additional attributes that are positively related to authority level.

Research indicates that as an organization grows, so does pressure for decentralization. As noted earlier, a greater formalization in large organization permits the decentralization of routine decisions because rules tend to define decision-making parameters, so that decisions can be made at lower levels without a loss of control. Thus it would appear that a key to successful decentralization is to have some mechanism in place to ensure conformity with organizational norms, rules, and values in the decision-making process. This conclusion tends to be supported by the work of William Ouchi in his classic Theory Z.(Ouchi, 1981).

Another study, which suggested a relationship between organizational positions and need satisfaction is that by Nahta (1986). In her study Nahta A, observed an influence of power on organizational culture as he found that different organizational levels have distinct cultures within the total culture.

Ramachandran and Dimri (1991) stressed that if the development priorities in the plan could be based on the priorities given by all groups of employees, the planning process would be participatory in the real sense of the term and would be ideal for development projects. Maddick (1993) argues that the focus on multi-level decentralized planning as a forceful developmental instrument is essential. Hence, a new organizational culture needs to be inculcated wherein employees take initiatives.

Fiske (1996) suggested that central authorities should concentrate on setting goals, generating resources, targeting resources to meet special needs, and monitoring performance, while everyday management is best devolved to lower level authorities. Often planning ends with target setting and pays insufficient attention to how these targets are to be achieved. This is the primary reason for non-implementation of well-conceived plans. Bourgault and Dion (1993) advocated that organizations must emphasize meticulous micro-planning at all levels, from the total organization to the individual employee involved in the decision-making process.

Various action research groups like Multiple Action Research Group (MARG) also concluded that sustained development can only be achieved when powers to function are given to its members at the implementation level ( Sharma, 1996).

Decentralization is spreading throughout the world in response to the growing forces of democracy and popular movements (World Bank 1999). Indeed, decentralization has become a mantra among policy makers and international

agencies. Mukundan (2003) argues that individuals and bodies commonly assert that decentralization can facilitate better management and governance and thus improve efficiency and enhance relevance. According to Franke and Chasin (1994) devising successful decentralization is a complex process as it involves risk. Yet this process is critical to development. Over time, decentralized systems should allow for a more wide-ranging sense of ownership of policies and programmes (as lower-level employees are also accountable for results and move to higher posts, bringing an enthusiasm for the consensual and responsive modes of governance that tend to develop in decentralized systems). According to Jong, Loquai, and Soiri (1999) decentralization also holds considerable promise for partnerships between organization and grass-root communities

A study, which examined the difference between the impacts of centralization and decentralization, was that done by Bhargava and Kelkar (2000). The participants were managers, officers and supporting staff of successful business organizations. In that study they found out that centralization was positively related to job involvement but negatively to job satisfaction and empowerment. This negative correlation of centralization with satisfaction and empowerment indicated the importance of decentralization for managing employees in organizations.

There are also studies those emphasize relevance of democratic leadership for organizational success. Suganthi and Samuel (2004) proved that to be successful organizations should develop quality culture, which can be inculcated by spread of vision, proactive culture, satisfy others, value addition, mutual understanding and democratic leadership.

Not much literature is available on studies conducted on the impact of decentralization of authority, especially on development projects. Also the

researcher could not find any study on the link between authority decentralization and organizational effectiveness of organizations like development projects.

### **3.2. Studies related to Organizational Culture**

The popularization of research on organizational performance has led to the identification of several organizational factors that have an influential role in determination of organizational performance.

Organizations in which a culture of the 'right kind' has been developed will achieve a higher performance (Ouchi, 1980) and culture has a positive function. A study conducted by Kotter and Heskett (1982) of Harvard Business School confirms a positive correlation between culture and financial performance of an organization and suggests that a positive organizational culture will enhance overall performance of an organization.

A common hypothesis about the role of organizational culture is that if an organization possesses a "strong" culture by exhibiting a well-integrated and effective set of specific values, beliefs, and behaviors, then it will perform at a higher level of productivity (Denison, 1984).

Trice and Beyer identified organizational culture as one factor that has received much attention in organizational behavior (1984).

Blake and Mouton (1976) concluded that culture is an important force that holds organizations in a given form over a period. They thus suggested that the cultural analysis is the process to understand the changes in the behavioral pattern of employees.

Weiner (1988) tells that 'wrong values make the culture a major liability'. In marketing literature also it has been given importance due to the key role it plays in determining levels of organizational outcomes (e.g., Deshpandé and Webster, 1993).

Schein (1990) and Hofstede et al., (1990) also related organizational culture with that of productivity of the organization. O'Reilly et al (1991) studied culture to develop a measurement instruments identifying dimensions of organizational culture, where organizational culture has been the focus of both quantitative and qualitative studies. It can be measured quantitatively based on responses of organizational members. The significant variance in the answers to the culture related aspects explain the fact that members have different perception regarding the cultural items.

There is a remarkable difference in the value practice between organizations. The 'value difference' is related to organizational culture was described by Hofstede (1991) and others. Several studies, viz., Bartol and Martin (1991) also suggested a relationship between value practice and nature of the organization.

Harrison and Stokes (1992) suggested that in addition to values, the culture is the distinctive constellation of belief, work styles and relationships; that distinguish one organization from another. Thus he equated the culture of an organization to what personality is to an individual.

Although several studies have focused on identifying the value dimensions only a few have investigated the extent to which an organization's values affect actual outcomes. Perhaps the key study addressing the linkage between organizational culture and performance was published by Deshpandé et al. (1993). Concentrating on Japanese firms, these authors found that higher levels of business performance were most closely associated with a market culture (that is, one that emphasizes the values of competitive aggressiveness and outcome orientation) and an adhocracy culture (one that emphasizes the values of flexibility and innovation).

Other studies (Marcoulides and Heck, 1993) have concluded that the values that characterize an organization's culture significantly affect performance without specifying which values are most closely associated with an organization's outcomes. But findings of the study explain a strong relationship with organizational performance, as several positive functions are served by culture. These include facilitating commitment to a larger whole and motivating employees to do the 'right' thing.

Bhatnagar and Bhandari (1993), from their study on employee's perception about organizational culture revealed that culture is a crucial organizational variable in facilitating the change process and that hierarchy was the pre dominant culture form.

Deshpandé, Farley, and Webster, (1993) also proved a strong inter relationship between values and culture in the organization. Given the influence of an organization's culture on its performance, the forms and consequences of organizational culture are of primary importance for improving organizational performance.

Marcoulides and Heck, (1993); Chatman and Jehn, (1994) related organizational culture and organizational behaviour. Kitchell, (1995) also proved a strong inter relationship between values and culture in the organization.

Pareek (1997) explored the situations in which the distribution of power could be used to classify organizational cultures, and he classified the culture into four categories, viz., autocratic, bureaucratic, technocratic and entrepreneurial. Autocratic culture is characterized by the centralization of power in the hands of a few persons and a strict protocol is observed in relation to the persons in power. Where as bureaucratic culture is noted by the primacy of procedures



and rules, hierarchy, as well as distant and impersonal relationships. Technical standards and improvements are the emphasis for technocratic culture, and the fourth one, entrepreneurial culture focuses on achieving results and providing excellent services to customers.

In the case of development projects, at the project level, when participants make decisions or coordinate with each other, their behavior will be based on their values. This is called 'micro-level behavior' (Levitt and Jin, 1999). Tripathi et al found that 'culture has a positive impact on an organization when it points behavior in the right direction' (2000).

The observed key elements of micro-level behavior include the decision-making and coordination behaviors in addition to a risk-taking attitude as recommended by Rohmetra (2000). In his study, 'cultural values' at the project team level are defined by how project employees participate in the decision-making process, coordinating decisions through authority decentralization etc.

Where as Srivastava (2001) has confirmed that that there is a strong relationship between the values practiced in the organization and its nature. Trompenaar, (2004) also described organizational culture in terms of value difference.

While arguing that culture can exert a powerful effect on individual as well as organizational performance, Aggarwal (2005) proposed that culture has very powerful consequences, especially when they are very strong.

### **3.3. Studies related to Organizational Effectiveness**

A Study conducted by Kotter and Heskett (1982) confirms the positive correlation between culture and performance. The study made four main conclusions:

- Organizational culture can have a significant impact on an organization's long-term economic performance.
- Organizational culture will probably be an even more important factor in determining the success or failures of organizations in the next decade.
- Organizational cultures that inhibit strong long-term financial performance are not rare: they develop easily, even in organizations that are full of reasonable and intelligent people.
- Although tough to change, organizational culture can be made more performance enhancing.

Denison (1990) proved an association between culture and organizational effectiveness. Gotwon (1992) supported this finding by saying that the strength of culture is predictive of short-term effectiveness.

Parasuraman (1995) suggested some criteria, mainly efficiency in meeting targets and good reputation, which this study has used for measuring overall organizational effectiveness.

Bernard (1995), however does not agree the impact of organizational culture exclusively on effectiveness and says that 'do not seem to indicate a relationship between culture and the short-term effectiveness of organizations, much less to show a casual relationship between culture and effectiveness'.

Their study additionally proposes that a culture of adaptability and not stability is indicative of long-term effectiveness. Juechter et al (1998) also propagate the view that organizational culture is the key to lasting, positive change and high effectiveness.

According to Saffold, (1988) effectiveness is a function of consistently translating and integrating core values and beliefs into constructive policies and practices. He adds that there are two criteria for qualitatively measuring organizational effectiveness;

1. At the organizational level, organizational and cultural effectiveness are gauged by how competitive the organization's performance is.
2. At an individual level, effectiveness is indicated by commitment to the organization.

Daft (2001) commented that most contemporary managers believe that happy, committed and actively involved employees and a positive corporate culture are important measures of internal organizational effectiveness.

Another finding of Daft suggested that 'organizational effectiveness is difficult to measure', and we do not have a common criteria to measure qualitative and quantitative effectiveness of the organizations. Usually, managers suggest some indicators according to their logic in order to gauge their organization's effectiveness.

Sulaiman (2001) suggests that effectiveness is a multifaceted concept and that it comprises five factors namely; work skills, work enthusiasm, job performance, work duties, and readiness to innovate. Cabrera et al (2002) says that organizations could expand the concept of effectiveness to include contributions towards building the organization's strategic capabilities. Whereas Yuk et al (2003) propose a holistic model of workplace effectiveness that includes performance in four domains; Task, Citizenship, Emotions and Ethics.

The above review of literature reveals that many studies were undertaken to demonstrate a relationship between organizational culture and other variables.

Some studies were also conducted on the relationship between decentralization of authority and other variables, mainly in the sector of public administration. However, the researcher could not find any study that was carried out to demonstrate a relationship between decentralization of authority and organizational culture in organizational set up like development projects. Moreover, no serious attempts were done to explore the possibility of relating these elements to organizational effectiveness. Hence there is a gap is observed in this important sector. The present study, therefore, is undertaken to fill up this gap of knowledge.

## **Chapter 4**

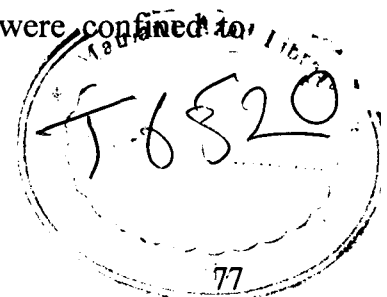
# **M e t h o d o l o g y**

### 4.1. Introduction

The sustainability and success of any development project owe largely to participation of employees in planning and implementation, is a fact that needs no reiteration. However, involvement of employees has been largely limited to the implementation stage only, which perhaps accounts for the picturing out of many ambitious plans. The practice of planning from above often results in imposing the unwanted targets on the staff, which appears to be misfit for organizations like development projects. Management styles in general and practice of authority decentralization more specifically are found to exert considerable influence on an organization's culture and effectiveness.

Nowadays it is found that for development projects, power is generally concentrated at the top management, which rarely meets the project target and imposes plans willy-nilly on employees to implement the unwanted or unrealistic targets. When senior managers remain in power, others in an organization remain powerless. This raises frustration levels in employees and lower level managers. This will also lead to indecision that may result in project failure. In fact, the leader can break the situation of indecision, as it is he who creates a culture of indecisiveness. (Loch and Yazaji, 2001).

While discussing this issue in the context of this study, we could see that Kerala has had a unique development experience whose salient features has been the subject matter of academic discourse in India as well as abroad for more than two decades now. Nevertheless, even now, the best efforts so far to involve employees in development activities of the state were confined to ensuring their participation at the implementation stage only.



Thus, a study was proposed to investigate factors that may influence organizational effectiveness of development projects. It was identified that two major factors that could function as either enhancers or detractors of organizational effectiveness of the projects are an organization's culture and its predominant style of management (whether authority is centralized or decentralized). Hence, these factors needed to be investigated within the context of development projects working in the government sector in order to determine how these organizations' culture and effectiveness are related to degree of decentralization of authority. For the purpose, an in-depth study of these issues was suggested and an exploratory research method was adopted for the same.

#### **4.2. Statement of the problem**

After analyzing the progress of various development projects, it could be seen that very few met with success in achieving their goals and a large number of them failed in meeting the objectives or were forced to be closed down before the stipulated time. This leads to a heavy loss to the state and nation as huge amounts of money, manpower, time and effort are spent on such projects. Based on these criticisms, aid agencies may even use these as justification for cutting aid. Levels of Overseas Development Assistance (ODA) from donor agencies have steadily dropped over the past thirty years in all over the world. (EDD, 2006). One reason for this is the low success rate of these projects. This leads to a situation where all developmental interventions face serious hurdles.

When we discuss this matter in the context of Kerala, certain issues are been quoted as reasons for the failure of the failed development projects.

- Participation of the implementing employees is limited to the implementation phase and not carried into the planning and decision-making phases.

- Lack of empowerment, commitment, professional compulsion, service motivation etc. of employees due to centralization of authority at the top management
- Unsuitable management style and unrealistic goal setting.
- Since time-bound targets have to be achieved in the case of developmental projects, the work atmosphere in these organizations requires that employees do not feel powerless as it leads to a helpless situation that, in turn, affects the organizational performance.

These have compounded the above mentioned problems of development projects. This situation exists in many projects. If this continues, it is very likely that only a few would succeed in achieving positive results. Some suitable steps should be called for to enhance the performance rate of development projects in Kerala.



### **4.3. Need for the study**

According to Schien (1985), the top management's actions have a major impact on the organization's culture. Through what they say and how they behave, senior executives establish norms that filter down through the organization say, issues of risk-taking and freedom levels granted to subordinates.

It is proved by earlier studies that the top management influences an organization's culture significantly. Kar and Tewari (1999) argued that the top management style contributes to a strong organizational culture as the resultant participation would bring about greater commitment, effectiveness, efficiency and growth of individuals. Frequently what is referred to as organizational culture really stands for the ideals and visions prescribed by the top management (Tripathi, Kapoor and Tripathi, 2000).

Considering the significance of decentralization of authority and organizational culture in development projects, a study was undertaken to ascertain the nature of organizational culture as perceived by managerial personnel in development projects and to determine whether significant differences, if any, exist in the organizational culture across the two types of projects viz., Authority Centralized Organizations (ACO) and Authority Decentralized Organizations (ADO).

There are number of studies on organizational culture, authority, and organizational effectiveness separately. However, no study has been conducted on these variables with respect to development projects. A gap, therefore exists in this particular area of study. To fill this gap, the present study attempted to analyze certain situations and find out answers to:

- Is there any difference in the organizational culture prevailing in organizations with more decentralization of authority and less decentralization of authority?
- Whether the prevailing organizational culture in the development projects due to authority centralization and decentralization, has any influence on their effectiveness?
- Is there any difference between the magnitude of values practiced in authority centralized and decentralized organizations?
- Is there any relationship between the practice of values in development projects with authority centralization and decentralization?
- Which are the values that widely/frequently practiced by the successful development projects?
- Does authority decentralization in development projects has any correlation with the organizational culture of effective projects?

For the above purpose, this study traced out the organizational culture prevailing in eight development projects working for different sectors in Kerala. The projects are selected as (i) where authority is more decentralized and (ii) where authority is less decentralized, and also to delineate which type of organization has a strong organizational culture leading to high effectiveness.

‘Organization’ in this study refers to development projects in the state of Kerala and ‘employees’ to middle and junior level managers in these projects.

## **4.4. Objectives**

### **4.4.1. Main Objectives**

- To find out the type of organizational culture prevailing in development projects.
- To study the extent of degree of decentralization of authority in development projects.
- To explore the linkage between decentralization of authority and organizational culture in development projects.
- To explore the linkage between decentralization of authority and organizational effectiveness in development projects.

### **4.4.2. Sub Objectives**

- To find out situations where the employees in development projects experience more decentralization of authority.
- To find out the values which are more widely and frequently practiced in development projects.

## **4.5. Hypotheses**

Based on the above-mentioned objectives, the following null hypotheses were framed:

- Ho 01. There is no difference in the degree of decentralization of authority between authority centralized organizations and authority decentralized organizations.
- Ho 02. There is no difference in the frequencies of values practiced by employees and hence in organizational culture in the authority centralized organizations and authority decentralized organizations.
- Ho 03. There is no difference in the wideness of values practiced by employees and hence in organizational culture in the authority centralized organizations and authority decentralized organizations.

- Ho 04. There is no difference in the organizational effectiveness between authority-centralized organizations and authority decentralized organizations.
- Ho 05. There is no association between degrees of decentralization of authority and organizational culture in development projects.
- Ho 06. There is no association between degree of decentralization of authority and organizational effectiveness in development projects.

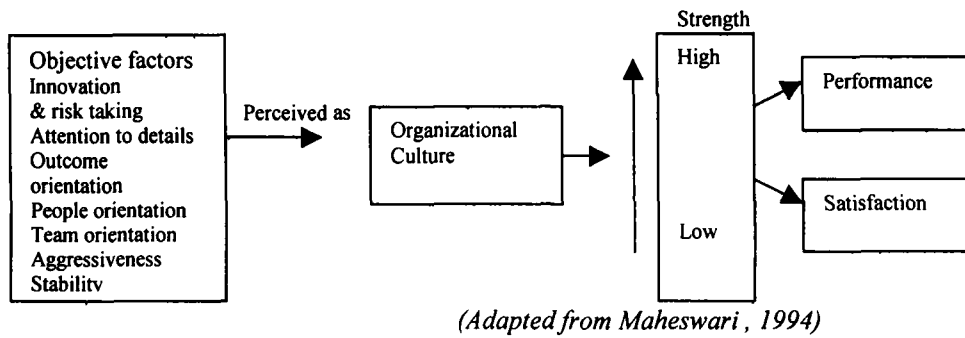
#### **4.6. Design of the Study**

While designing this study, the researcher used two models as reference. A study conducted by Marcoulides, George A. and Ronald H. Heck, (1993) confirmed a positive correlation between organizational culture and performance. That study derived four main conclusions:

1. Organizational culture can have a significant impact on an organization's long-term economic performance.
2. Organizational culture will probably be an even more important factor in determining the success or failures of organizations in the next decade.
3. Organizational cultures that inhibit strong long-term financial performance are not rare: they develop easily, even in organizations that are full of reasonable and intelligent people.
4. Although tough to change, organizational culture can be made more performance enhancing.

Another study by B L Maheswari (1994) argued that culture influences the performance of an organization and the behavior of people. As he proved, certain objective factors like innovation and risk-taking, attention to details, outcome orientation, people orientation, team orientation, aggressiveness, and stability are perceived as the organizational culture that leads to high or low performance.

***Fig. 4.1.How Organizational Culture Impacts Performance and Satisfaction***



This figure depicts organizational culture as an intervening variable. Employees form an overall subjective perception of the organization based on such factors as degree of risk tolerance, team emphasis etc.. This overall perception becomes, in effect, the organization's culture or personality. These favorable or unfavorable perceptions then affect employee performance and satisfaction, with the impact being greater for a stronger culture.

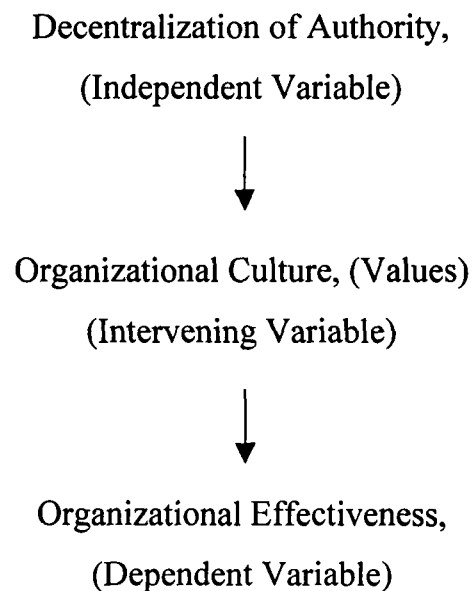
Comparing these situations in the case of development projects, and sourcing literature review, case studies and experience-sharing, this study suggested that authority decentralization may have sufficient relevance and impact on organizational culture and organizational effectiveness.

Thus the research design is prepared as shown below.

***Fig. 4.2. Design of the study***



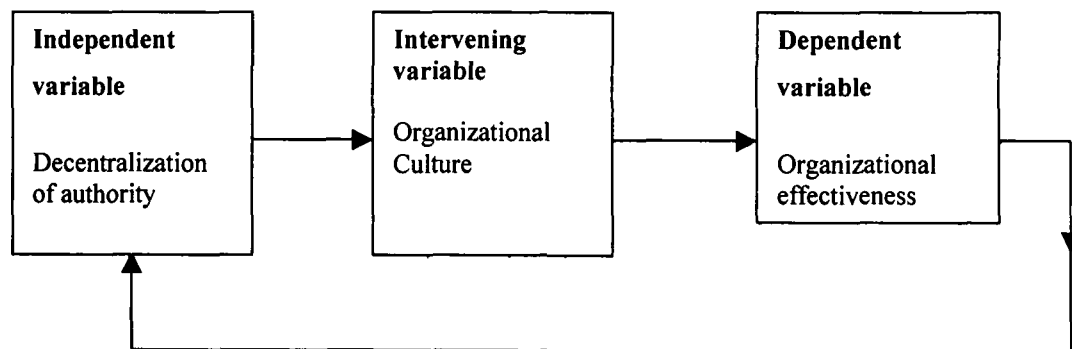
The variables are found to be related as shown below:



The model suggested by Maheswari explains the effect of organizational culture in only one way. Besides, the model is unidirectional. But based on literature available, this study suggests that the variable have a bi-directional

effect on the organizational culture and organizational effectiveness, and hence suggests a cyclic model that is more effective. The variables described here as independent and dependent will be interchanged when the effect is in the second direction and the effect will change according to the situation. Therefore, the study suggests a bi-directional model as shown below.

***Fig. 4. 3. Bi-directional model showing the relationship between the variables in the study***



Assuming organizational variable as given, the study has tried to investigate and report of the impact of authority decentralization on organizational culture and effectiveness of the organization.

## **4.7. Data Collection Sources**

The survey method was adopted as a primary source for collecting information from respondents belonging to eight development projects. Published reports and annual reports of the organizations, newspaper articles about the organizations, websites etc. were used as secondary sources for data collection.

The feasibility of administering the questionnaire method was analyzed and found suitable as all respondents were highly educated and could fill up the questionnaires. The questions were explained to them in order to eliminate any ambiguity and inability errors.

A pilot study was done for the questionnaires. For this the preliminary versions of various questionnaires were pre-tested with five managers from one organization selected for the study. They were asked to comment on each item in terms of its relevance, face validity, wording and clarity. However, some minor modifications were made in the questions to increase the adaptability of the questions. Face value tests were conducted via discussions with a panel of academicians, management practitioners, and researchers. They endorsed the application of the selected questions for the study.

### **4.7.1. Data Collection Instruments**

The following questionnaires were used to elicit the responses.

#### **4.7.1.1. Organizational Culture and Organizational effectiveness**

For measuring organizational culture and organizational effectiveness of the eight organizations, a questionnaire developed by D. Amarchand and B J Jayaraj (1992) was used. This instrument consisting of twenty four statements in which 16 value based statements was used for identifying the cultural pattern of the organizations. Each statement reflects a behavioral situation



which can describe a value or attitude expected to be practiced by an employee in everyday working life in the organization. The remaining 8 statements tell about different areas of organizational effectiveness. Use of this questionnaire provided data needed for studying the culture of the organization and its effectiveness.

As mentioned above, the scale was divided into two parts.

Section 1 - Was used for measuring organizational cultural pattern consisting 16 variables viz.,

- Be prompt and time conscious in executing a job
- Take up challenging tasks and get them performed with a sense of achievement
- Recognize the self respect of every one,
- Support risk taking even if it results in failure,
- Involve all the concerned persons to participate in the decision making process,
- Adopt honesty as a pre requisite for a long and successful working life in the company,
- Aim at perfection in work,
- Encourage and provide opportunity for professional growth of individuals consistent with company goals,
- Keep an open mind in listening to others,
- Encourage, provide opportunity and support for creativity & innovation,
- Follow company rules and procedures meticulously in all work undertaken,
- Aim at the company's profits and growth while taking up a work,
- Have a sense of fairness to all concerned in dealing with people,
- Be accountable for one's own action and the resulting performance,
- Aim at maximum efficiency by optimizing a valuable resource, and
- Recognize the personal freedom of individual in organizing and executing their work.

The respondents were requested to indicate two kinds of responses viz.,

a) How widely value/attitude as reflected in each statement being practiced by various persons working in the organization, taking into account senior managers, colleagues and subordinates of the respondent. The codes were given as 5-1 for practiced by almost all persons, by most persons, by many persons, by some persons and by a few persons.

b) How frequently value/attitude as reflected in the statement being practiced by them. The respondents were asked to mark their response as how frequently these values are practiced in their organization. The codes were given as 3-1 for practiced most often, some times, and occasionally respectively.

Section 2. – Was used for measuring the organizational effectiveness level consisting of eight statements representing the variables of effectiveness viz.,

- 1) Efficiency: In the use of available resources like man, material and money.
- 2) Adaptability: Capacity to adapt to changing conditions outside the organization
- 3) Co-ordination: Between various functions and units.
- 4) Beneficiaries' satisfaction: Beneficiaries satisfaction on the organization's services.
- 5) Communication: Effectiveness of communication within the organization
- 6) Innovatability: Organizations ability to innovate in terms of new services, methods etc.
- 7) Team work: The extent of team work at the top level management
- 8) Public image: about the organization's work.

The respondents were asked to mark their response on each statement about the overall performance of the organizations on a five point scale. For statements which they found most suitable for their organizational situations as 1 for very low, 2 for low, 3 for normal, 4 for high and 5 for very high.

#### **4.7.1.2. Degree of Decentralization of Authority**

A questionnaire adapted from Contemporary Management (1991), developed by Durbin was used to measure the degree of decentralization of authority in organizations. This questionnaire was intended to measure the degree of decentralization of authority in the organization, viz., how are the power and responsibilities in functional, financial and administrative matters are shared with lower ranking managers, what is the role of the lower ranking managers in determining the goals and targets of the organizations etc. Certain situations depicting the impact of decentralization of authority were given and the respondents were requested to give their comments on the situations which is appropriate for the organizations.

There were 20 questions in the instrument, viz.,

1. Involvement of middle and junior level managers in planning goals & targets and implementation of the activities.
2. Roles in the organization are negotiated with the role occupant.
3. Involvement in various activities of the organization with responsibilities.
4. Decisions of launching new activities are done with prior discussion to the staff.
5. Resource allocation in the organization is done with matching freedom.
6. Empowerment with power given to take up responsibilities.
7. People do not fear about finance for their work.
8. People have freedom for functionalization with accountability.
9. People are free to access funds for activities which are given to them.
10. No difficulty to access fund for the activities which they are responsible.
11. Organization has a transparent policy for decision making & implementation.
12. Permission to take decision and act using fund without prior permission in good faith for the benefit of organizations.
13. Top Management gives functional freedom to the employees to be innovative.

14. Employees in this organization have no role in administration.
15. Employees are not clear about their roles in the organization.
16. Very few decisions are made at lower levels in the hierarchy.
17. The decisions made at lower levels are not at all important and do not have any impact on organizational success.
18. Some times various functions, viz. production, finance, personal etc. rely on lower level decision- making.
19. The top Management always monitors & checks up on lower level decision making.
20. Some times the top management cancels the decision taken at lower level.

#### 4.7.2. Reliability tests for tools

Prior to exploring and describing the associations between various variables, it was deemed necessary to gauge the extent of reliability and validity for each of the indices used in later analysis. Reliability was judged via calculation of Cronbach alpha coefficient (Cronbach, 1951), of test scores obtained from a single test- was used to test internal consistency. The calculation of Cronbach alpha coefficients resulted in alpha coefficients which ranged from 0.707 to 0.9291(See table 4.1.) and could therefore, be classified as acceptably reliable without further discussion.

<i>Table. 4.1: Reliability coefficients of the tools</i>		
Sl. No.	Instrument / Variable	Alpha coefficient
1.	Organizational Culture& Effectiveness- Section I	0.7075
2.	Organizational Culture& Effectiveness- Section II	0.922
3.	Degree of Decentralization of authority	0.720

#### **4.8. Universe of the study**

Management team consisting of middle level managers and junior level managers of 13 development projects working in Kerala constitute the universe of the study.

*Management team* is concerned with managerial functions which is the process of setting and attaining organizational goals effectively and efficiently through planning, organizing, directing and controlling of both human and physical resources of an organization (Bartol and Martin 1991).

#### **4.8. Sampling procedure**

Multi stage sampling method was used in this study.

##### **Stage 1: Selection of organizations.**

The selection was done by first identifying all development projects working in various government departments of the state government.

The details and list of development projects were collected from the government's website and report of Project Planning and Monitoring cell (PPM cell of government of Kerala, which is the controlling & monitoring section of the projects). The researcher could collect details of 19 projects from official sources. But when approached the respective offices for permission for the study and also to collect more details about the project the researcher could confirm only 13 projects working at that time in Kerala, and the remaining projects were stopped or withdrawn because of various reasons. Hence these 13 projects constituted the universe of the research study.

Since this study was aimed at finding out the correlation between authority decentralization and organizational culture as well as organizational

effectiveness, projects were selected on the basis of degree of decentralization of authority in the organization.

Selection was done by purposive sampling method. The sample organizations were selected purposively that they can represent the entire development projects, both centralized and decentralized. This was done by applying an instrument developed by Udai Pareek (1997) prepared for analyzing the organizational culture prevailing in the organization.

The instrument used was meant to identify whether the organizational culture prevailing in the organization is autocratic, bureaucratic, technocratic or democratic, thus to select organizations which are more democratic. The instrument has eight sets dealing with values, beliefs, primacy, communication, leadership, rituals and meetings, celebrations, rooms and furniture. Face validity test was done for the instrument and found that the suggested elements are suitable for conditions in Kerala and projects' situation also.

The instrument has eight elements as mentioned above, and the culture of each organization was analyzed with respect to each element and marked accordingly. The numbers 1-8 represent the eight cultural elements and alphabets represent the cultural identity as given in Fig 4.4.

<b><i>Fig.4.4: Cultural identity&amp; Cultural elements</i></b>	
<i>Cultural identity</i>	<i>Cultural Elements</i>
A – Autocratic	1. Values
B- Bureaucratic	2. Beliefs
T- Technocratic	3. Primacy
D- Democratic	4. Communication
	5. Leadership
	6. Rituals and meetings
	7. Celebrations
	8. Rooms and Furniture.

## **Stage 2: Respondents selection**

As the population does not constitute homogeneous group, stratified sampling method was used for sampling to get a representative sample. We have considered the relationship between the characteristics of the population and the characteristics to be estimated to define the strata. Senior members of the non-managerial staff were also considered initially for including in the study, but at the time of pilot study it was found to be not appropriate to include them in the study and the strata was redefined excluding non managerial staff. Thus the population was divided into two strata that are individually more homogeneous, viz., middle level managers and junior level managers. Then took small samples of equal size (5 Nos.) from each of the proposed strata and examined the variance within and among them. It was found that middle and junior level managers could be studied together as one group. Then we selected samples who have completed minimum 2 years of service in the studied organization from each stratum by random sampling.

This criteria of 2 years service was suggested based on the assumption that majority of the projects are of five years' period, hence employees having more than 2 years' service in the projects have worked for more than 50% of its period, and thus will be able to comment on the organizational culture prevailing in the organization. This has done in order to avoid respondent selection error. The number of respondents from the selected organizations satisfying selection criteria is given in table 4.2.

<b>Table.4.2. Number of middle and junior level managers (category wise) in the projects</b>				
No.	Name of the Projects	Middle Level (N1)	Junior level (N2)	Total No. (N)
1.	DPEP	17	33	50
2.	VFPCCK	33	54	87
3.	NAPC	13	26	39
4.	KRWSA	17	27	44
5.	KERAFED	17	33	50
6	UPAD	20	37	57
7.	IKM	26	35	61
8.	SAF	20	33	53
	<b>Total:</b>	<b>163</b>	<b>278</b>	<b>441</b>

The names of those employees satisfying the selection criteria were collected and from them 30 % were selected by simple random sampling method for the purpose of survey. The number of respondents were finalized by using proportional allocation and the size of the samples from different strata were kept proportional to the size of the strata.

The total number of respondents = N, then

$N = N1 \text{ (Mid. managers)} + N2 \text{ (Jun. managers)}$

$P1 = N1 / N, P2 = N2 / N,$

If  $n = 30\%$  of N,  $n1$  &  $n2$  be the number of respondents of two strata of each organization and were calculated by

$$n1 = n.P1$$

i.e.  $n1 = n \times N1/N$

$$n2 = n \times N2/N$$



Thus the sample size for different strata were calculated which is proportional to the sizes of the strata and are given in table.4.3.

<b><i>Table.4.3 Sample Size (category wise) of the projects</i></b>				
No.	Name of the Projects	Middle level (n1)	Junior level (n2)	Total No.
1.	DPEP	5	10	15
2.	VFPCCK	10	16	26
3.	NAPC	4	8	12
4.	KRWSA	5	8	13
5.	KERAFED	5	10	15
6	UPAD	6	11	17
7.	IKM	8	10	18
8.	SAF	6	10	16
	<b>Total:</b>	<b>49</b>	<b>83</b>	<b>132</b>

The number of samples from each level was not equal, but the numbers were proportional to the size. Care was taken to cover all sections/ departments of the organizations and activities to make the representation meaningful. The questionnaires were distributed to the selected respondents giving representation for all the major groups of employees.

A good rapport was established with the participants before administering the tools. The researcher collected their names, addresses and phone numbers and contacted them personally. Since the questionnaires were lengthy, it was

difficult to fill them in the office time. So it was tried to get their free time during leisure or holidays. Some times the researcher approached the respondents at their residents looking for their convenience for getting the responses.

The respondents were assured that the data collected would be used for academic purposes only and their responses would be kept strictly confidential. First they were asked to fill up the personal data sheet and then response to various measures. After obtaining the completed measures, the participants were requested to share their experience and opinions regarding certain parts of the questionnaires, personally with the researcher. Some other relevant details which were not included in the questionnaire were also discussed for getting feedbacks, and these responses were used for drawing inferences and reaching to the conclusions.

More number of questionnaires were distributed so as to get back sufficient number of responses. Table.4.4. shows the details of number of questionnaires distributed and received back.

<i>Table:4.4. Details of questionnaire distribution and response receipt</i>					
No.	Name of the Projects	No. of questionnaires		Questionnaires received	
		Issued	Received	Category I	Category II
1.	DPEP	20	16	5	11
2.	VFPC	30	29	11	18
3.	NAPC	16	13	4	9
4.	KRWSA	18	14	5	9
5.	KERAFED	20	17	5	12
6	UPAD	20	18	7	11
7.	IKM	23	20	9	11
8.	SAF	17	17	7	10
				53	91
	<b>Total:</b>	<b>164</b>	<b>144</b>	<b>Total :</b>	<b>144</b>

The respondents were from two categories, viz., Middle level managers (I) and Junior level managers (II). More number of respondents from junior managerial level was included as number of employees are more in this category and the impact of authority decentralization can be best understood from them.

Out of 144 responses received, verification was done to eliminate response with errors, viz., inability error, unwilling error etc.. After the verification, 132 responses were found to be complete in all respects according to various elimination criteria, and were finally selected. The summary of respondents and response rates are given in table 4.5.

<b>Table: 4.5. Details of Response Rate</b>		
No.	Particulars	Details
1.	Population size	442
2.	Questionnaire distributed	164
3.	Non-response	20
4.	Partial response	6
5.	Eliminated due to errors	6
6	Reponses used for analysis (30% of Population)	132
7.	Response rate	80 %

#### **4.10. Demographic Profile of the Respondents**

Demographic details of the respondents were collected using facesheet of construct made by D. Amarchand and B J Jayaraj (1992). The distribution of the respondents by demographic variables is shown in the following tables (4.6. & 4.7.)

<b>Table.4.6: Demographic profile of the respondents</b>		
<i>( Gender)</i>		
Gender	Frequency	% of frequency
Male	80	60.63
Female	52	39.36
Total	132	100
<i>(Age)</i>		
Age group(yrs)	No. of respondents	% of frequency
20- 30	38	28.7
30-40	62	47.4
40-50	32	23.9
Total	132	100%
<i>( Current managerial positions)</i>		
Managerial positions	Frequency	% of frequency
Middle level	49	37.12
Junior level	83	62.87
Total	132	100%

The data in Table 4.6 shows that the respondents in this sample are dominated by males (60.63 %) with females in minority (39.36 % ). In this study, 36 of the surveyed employees are less than 30 years of age and 62 of them are 30-40 years of age. However 32 of them are around 45 years old or older than that. The data shows majority of the respondents are in their 30s. Regarding the



positions the respondents hold in their organizations, 37.12% of the respondents are managers in middle level capacity, where as 62.87 % are managers in junior levels.

Table 4.7. indicates the total length of work experience of the respondents. The data in the table 4.7 shows that 32.5% of the respondents have more than 5 yrs experience in the present organization and 54.1% with 2-5yrs experience. How ever 13.4 % have below 2 yrs experience in the current organization. Majority of the respondents are with 2-5 yrs experience in the present organization. That means they are able to comment about the culture and the prevailing practices in their organizations.

<b><i>Table.4.7.Demographic profile of the respondents ( a. Work experience in the present organization)</i></b>		
Length of work experience	Frequency	% of frequency
Up to 2 years	17	13.4
2 to 5 years	72	54.1
More than 5 years	43	32.5
Total	132	100%
<b><i>( b. Total work experience )</i></b>		
0-5	38	28.7
5-15	75	58.5
15-25	19	12.8
Total	132	100%

#### **4.11. Summary of the respondent profiles**

Respondents are managers in middle level and junior level, majority of them are male, in their 30s, with 2 to 5 years of service or more in the present organization.

#### **4.12. Data entry**

The data were entered in to M S Excel. Various measures available in Excel to validate the entry were also included while doing the entry to avoid data entry errors.

#### **4.13. Pattern of Analysis**

This research study used measures like mean and standard deviation (SD) for data analysis. Statistical tool like t-test was used to ascertain the mean difference between two groups or three groups. Coefficient of correlation was calculated to find the association between the two variables. The popular SPSS (Statistical Package for Social Science) software was used for the analysis.

#### **4.14. Scope of the study**

The present study is an attempt to highlight the importance of employee participation towards developing strategies in improving the effectiveness of development projects. Though attempts have been made towards developing an agreeable strategy for a uniform component of participation, it is evident that participation in various development programmes remains an evolving process.

Although studies analyzed the tie between authority levels and job satisfaction, not many were related to the employee's involvement in decision making and effectiveness of organization so also the relationship with authority-sharing. Even though several studies are available on organizational culture in general, literature about relationships between organizational culture and authority decentralization is scarce.

Decentralization of authority is a comparatively new concept in the development sectors and few attempts were made to study the impact of decentralization of authority on organizational effectiveness. Available matter relates to authority decentralization in local self-governments and hence cannot contribute to the problems faced by the developmental sector as mentioned earlier. So a study to formulate important modifications in the implementation strategy of development project is a necessity for the current situation.

Very few studies focused on the relationship between authority decentralization, organizational culture and organizational effectiveness of development projects in Kerala. This study goes some way in suggesting innovations for a suitable organizational culture for development projects via decentralization, which can increase efficiency and success rate of such projects.

This will also give guidelines for policy makers and practitioners of development programmes in respect of better ways for the successful implementation of such projects. This would facilitate formulating suitable strategies to achieve targets.

The study will also provide an in-depth analysis of the degree of decentralization and the optimum situations for any development project to succeed. This will help to eliminate any possible drawbacks and increase the applicability of the suggested systems.

Thus it is expected that the study will bolster situations where development projects can succeed and assure financial and other supports by external and internal agencies for the benefit of the socially and economically weaker sections of the society.



#### **4.15. Limitations of the study**

1. Since the organizations studied are time bound projects with a small life span, most of them do not have a long culture or history to be analyzed. So the findings may not be suitable for other permanent organizations.
2. As in the case of development projects, the impact of the projects is measured in qualitative terms. In other words only functional performance or qualitative achievements were considered, and financial performance was not taken into account.
3. Since many studies have not been conducted on authority decentralization, organizational culture and organizational effectiveness of development projects, every finding of the present study could not be supported, refused or compared with earlier results.
4. Based on the pilot study we have clubbed respondents from middle level managers and junior level managers into one category, which may cause some variations in generalizing the results.

#### **4.16. Scheme of the report**

The report of the study is presented in six chapters. The first chapter is an introduction familiarizing the readers about the concepts of the study viz., Decentralization of Authority, Organizational Culture, Organizational Effectiveness and Development projects. The experience of authority decentralization in public administration and global experience in the area are also touched upon. Profile of the studied projects along with some descriptions about development project is included in the second chapter

This is followed by a review of literature about Organizational culture, Decentralization of authority, Organizational effectiveness etc. as third chapter. The fourth chapter deals with the background of the study, research design, statements of research problems, objectives, hypotheses, methodology, Scopes and limitations of the study etc..

In the fifth chapter, results of data analysis, interpretations and discussions are included. Details of findings, implications, recommendations etc. are presented in the sixth chapter. A summary of suggestions for further studies is also incorporated in this chapter.

## **Chapter 5**

### **Data Analysis & Interpretations**

This chapter presents data analysis and interpretation of inferences from the survey to test the research hypotheses formulated in chapter four, and thus to find out the influence of authority decentralization on organizational culture and organizational effectiveness of development projects.

As discussed in the methodology the study is carried out in two phases. In the first phase the selection of the projects for further study was done. Analyzing the nature of organizational culture prevailing in the organizations did the selection. Responses received for the selection of projects were analyzed and the results are discussed and presented in the first part of this chapter. The relationships between (a) authority decentralization and organizational culture, (b) authority decentralization and organizational effectiveness, and (c) correlation between these variables, are separately investigated and reported, which constitute the major output of this study.

Since the value practiced in the organizations can be both an important aspect of organizational strategy and also an effective management tool, especially in establishing a successful organizational culture (Jones and Pollitt, 1999), the organizational cultures in the development projects are studied by analyzing wideness and frequency of value practice in the organization.

## **5.1. Analysis as per Selection of the Projects**

This study was aimed at finding out the difference in the degree of decentralization of authority between Authority Centralized Organizations (ACO) and Authority Decentralized Organizations (ADO). Hence, projects were selected on the basis of the degree of democratic nature of culture in the organizations.

For the study in first phase, the sample organizations were selected purposively so that they represented the entire development projects both centralized and decentralized. An instrument- 'Power Model of Culture', developed by Udai Pareek (1997, 2002) was administered to differentiate the organizations as centralized or decentralized. The projects were categorized as centralized or decentralized after analyzing the organizational culture prevailing in the organizations. In the present section, the researcher has analyzed the projects having different cultures and selected those projects which fall under the two categories- autocratic and democratic. Those projects, which do not fall under the given categories, were not considered for the study in second the phase.

The responses were coded as per the coding pattern given in the instrument itself (details are given in Chapter 4), and found out the nature of culture prevailing in each organization viz., Autocratic (A), Bureaucratic (B), Technocratic (T) and Democratic (D). The responses for the given eight cultural elements, after converting to the corresponding cultural identity codes (A/B/T/D) were tabulated as shown in Tables. 5.1& 5.2.

<b>Table: 5.1. Organizational Culture Profile of the respondent organizations –Response for Cultural elements</b>									
No.	Name of Organization	Response for items (Cultural elements 1-8)							
		1	2	3	4	5	6	7	8
1.	District Primary Education Programme (DPEP)	T	A	A	B	A	A	A	B
2.	Vegetable & Fruit Promotion Council Keralam (VFPCCK)	A	B	A	A	A	A	A	B
3.	Information Kerala Mission (IKM).	D	D	D	D	D	D	A	T
4.	Kudumbasree	D	B	T	D	A	B	T	D
5.	Socio-EconomicUnit Foundation	D	B	D	B	D	D	B	T
6.	Nadukkara Agro Processing Company (NAPC)	B	D	A	A	D	A	A	A
7.	Kerala Rural Water Supply & Sanitation Agency(KRWSA)	A	D	A	A	T	A	A	B
8.	Kerala Water Authority (KWA)	D	B	D	B	A	T	D	T
9.	Urban Poverty Alleviation Department (UPAD)	D	D	D	D	B	D	D	T
10.	Kerala Kerakarshaka Sahakarana Federation (KERAFED)	A	B	B	A	A	D	A	A
11.	FRIENDS	D	A	B	T	T	D	D	B
12.	Social Action Forum (SAF)	B	D	D	A	T	D	D	D
13.	Kerala Minor Irrigation Project	D	T	B	D	D	B	T	A

<b>Table: 5.2. Organizational Culture Profile of the respondent organizations – Cultural Identity</b>					
No.	Name of Organization	% of cultural Identity (A / B / T / D)			
		A	B	T	D
1.	District Primary Education Programme (DPEP)	62.5	25	12.5	0
2.	Vegetable & Fruit Promotion Council Keralam (VFPCCK)	75	25	0	0
3.	Information Kerala Mission (IKM).	12.5	0	12.5	75
4.	Kudumbasree	12.5	25	25	37.5
5.	Socio-Economic Unit Foundation	12.5	37.5	12.5	37.5
6.	Nadukkara Agro Processing Company (NAPC)	62.5	12.5	0	25
7.	Kerala Rural Water Supply & Sanitation Agency (KRWSA)	75	12.5	0	12.5
8.	Kerala Water Authority (KWA)	12.5	25	25	37.5
9.	Urban Poverty Alleviation Department (UPAD)	0	12.5	12.5	75
10.	Kerala Kerakarshaka Sahakarana Federation (KERAFED)	62.5	25	0	12.5
11.	FRIENDS	12.5	25	25	37.5
12.	Social Action Forum (SAF)	12.5	12.5	12.5	62.5
13.	Kerala Minor Irrigation Project	12.5	25	25	37.5

From the Tables 5.1 and 5.2 it is evident that each organization has a dominant culture - either democratic culture or autocratic culture - with more than 50% score for a particular cultural identity. In UPAD, the culture is predominantly democratic (75%) with six out of eight elements showing a democratic nature. The other two elements are bureaucratic and technocratic, respectively. This organization does not have any element with autocratic nature. Thus the organization had a culture that could be referred to as democratic (authority decentralized). IKM also had a predominantly democratic culture (75%) with one element each of technocratic and autocratic features. The degree of democratic nature was very high; so we can put the organization in the category of a democratic organization. SAF was represented by democratic nature with 62.5%. In this organization, autocratic, bureaucratic, and technocratic nature were represented by one cultural element respectively. Thus UPAD, IKM, and SAF were considered as decentralized organizations, where power and authority are not concentrated.

Where as in the case of VFPCCK, the six elements out of eight showed an autocratic nature. The remaining two are of bureaucratic nature. It is evident from Tables 5.1 & 5.2 that the organization's culture is autocratic (75%) without any element of democratic culture, and hence can be included in the group of autocratic organizations. Similar is the case with DPEP; the dominating character is of an autocratic organization (62.5%) with five elements out of eight showing autocratic nature. The remaining elements are of bureaucratic and technocratic nature, where not even a single situation matches with that of a democratic culture. Hence, this too can be considered as autocratic organization. In the case of KRWSA also we could see a domination in autocratic nature (75%) with one element each matching with bureaucratic and democratic identity. There are other two organizations, which were less democratic, but with a considerable higher degree of autocratic nature – NAPC (62.5%), and KERAFED (62.5%).



Thus based on the analysis, projects were selected for further study. Projects with remarkable degree of autocratic nature were termed and classified as Authority Centralized Organizations (ACO) and with remarkable nature of democratic as Authority Decentralized Organizations (ADO). The selected projects and their culture profile are described in Table 5.3.

<i>Table.5.3. Details and nature of Organizations identified for the study</i>			
No.	Name of Organization	Nature	Dominating culture
1.	DPEP	Centralized	62.5 % Autocratic
2.	VFPCCK	Centralized	75.0 % Autocratic
3.	NAPCK	Centralized	62.5 % Autocratic
4.	KRWSA	Centralized	75.0 % Autocratic
5.	KERAFED	Centralized	62.5 % Autocratic
6.	IKM	Decentralized	75.0 % Democratic
7.	UPAD	Decentralized	75.0 % Democratic
8.	SAF	Decentralized	62.5 % Democratic

One point to be highlighted here is that majority of the organizations had twin nature, even though one nature dominates, there is the presence of other nature of extremely opposite element, viz., democratic with a small degree of autocratic nature or autocratic with a small degree of democratic nature. This had a similarity with the findings of Peter and Waterman (1982), that excellent organizations have twin properties.

## **5.2. Analysis as per nature of authority decentralization in the organizations**

The study focused on the nature of authority exercised in the eight organizations represented by respective development projects in Kerala. Middle and junior level managers' perception towards twenty elements of authority decentralization was measured to know the level of centralization or decentralization of authority (DA) in the organizations. The perception was measured using the instrument detailed in chapter four. The responses received on administering the instrument among the managers of the eight projects were analyzed. The analysis and interpretation of scores are presented in this section.

### **5.2.1 Analysis for Decentralization of Authority (DA)**

For the purpose of analysis of degree of DA, the sample was categorized into two groups- Authority Centralized Organizations (ACO) and Authority Decentralized Organizations (ADO).

The mean of responses of the eight organizations for 20 items in the questionnaire were separately found out. The analysis results are tabulated in Table 5.4 and explained in the following part.

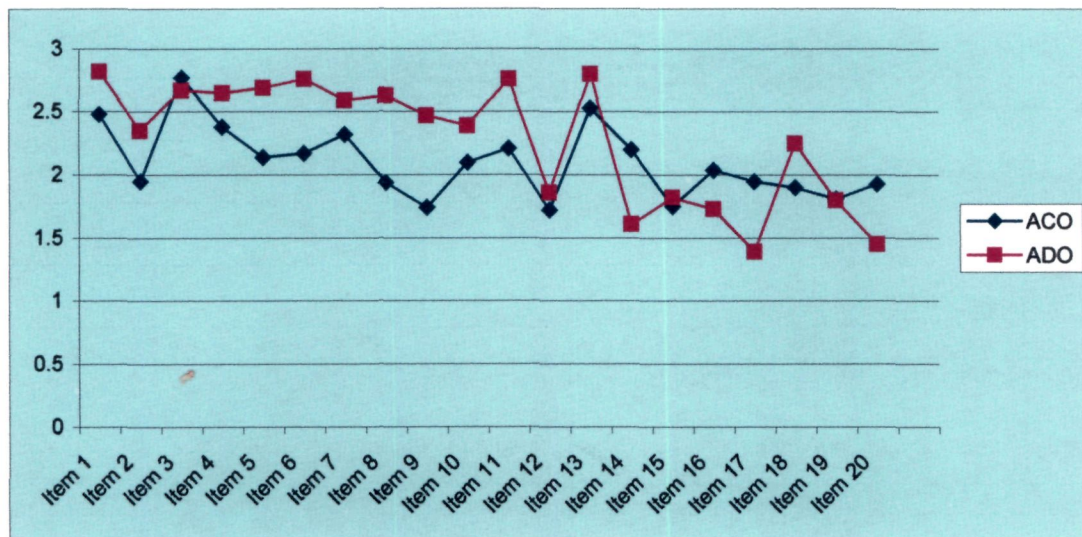
$N(ACO)=81$ ,  $N(ADO)=51$

$Df=130$

**Table 5.4. Analysis results of responses of degree of DA (Items 1-20)**

Item	Mean		SD		t-value	p-value
	ACO	ADO	ACO	ADO		
Item 1	2.48	2.82	.808	.555	-2.653	0.009
Item 2	1.95	2.35	.973	.890	-2.388	0.018
Item 3	2.77	2.67	.826	.683	0.714	0.477
Item 4	2.38	2.65	1.056	.658	-1.602	0.112
Item 5	2.14	2.69	.932	.735	-3.574	0.000
Item 6	2.17	2.76	.959	.551	-4.007	0.000
Item 7	2.32	2.59	.920	.753	-1.740	0.084
Item 8	1.94	2.63	.979	.631	-4.472	0.000
Item 9	1.74	2.47	.932	.880	-4.474	0.000
Item 10	2.10	2.39	.970	.918	-1.727	0.086
Item 11	2.21	2.76	.945	.619	-3.718	0.000
Item 12	1.72	1.86	.939	.939	-0.874	0.384
Item 13	2.53	2.80	.808	.601	-2.079	0.040
Item 14	1.80	2.04	.967	.894	-1.410	0.161
Item 15	2.25	2.14	.956	.980	0.636	0.526
Item 16	1.96	2.16	.993	.967	-1.103	0.272
Item 17	2.05	2.49	.973	.834	-2.674	0.008
Item 18	1.90	2.25	.917	.821	-2.246	0.026
Item 19	2.19	2.20	.963	.865	-0.065	0.948
Item 20	2.07	2.55	.985	.832	-2.860	0.005
<b>Total</b>	42.67	49.27	5.937	5.131	-6.554	0.000

**Fig.5.1. Item wise mean of degree of DA in ACO and ADO.**



The analysis reveals a significant difference on over all scores as well as on some individual scores. The mean of degree of DA for ACO is 42.67 and for ADO is 49.27, which indicates that there is a significant difference and thus confirming the selection of projects under ACO and ADO classification.

Analysis regarding ‘involvement of middle and junior level managers in planning of goals and targets of the organization and implementation of the activities’, **Item1**, reveals that the scores for both categories have a difference between them. The mean score for ACO is 2.48 and that for ADO is 2.82. Scores in both categories are above the average, indicating that the degree of DA in both categories is not low. However, the degree of DA is more in ADO.

It is noteworthy that the managers in ADO get more degree of DA reflected by higher mean value. Their involvement in planning and goal setting process is more than that for managers in ACO. That means middle and junior level managers in ADO enjoy more autonomy in planning of goals and targets and in implementation of activities. This helps in forming a favourable work situation and environment. This is confirmed with the p value 0.009,

suggesting that there is a difference between the degree of DA received by managers in ACO and ADO.

Here involvement means mental and emotional involvement rather than mere muscular activity. A person's entire *self* is involved, not just one's skill. In other words, when a manager gets an opportunity in planning and implementation of decisions taken by him, he is *ego-involved* instead of merely *task-involved* which lead to better performance.

**Item 2** is related to 'whether roles in organizations are negotiated with the role occupant or not'. Scores on this item reveals difference. The mean for ACO is 1.95 and that for ADO is 2.35. The mean score for ACO falls below the average and the mean for ADO falls above the average score. The difference in the degree of DA between managers in ACO and ADO for this given item of role negotiation with the role occupant is noteworthy ( $t=2.38$  and  $p=0.018$ ).

To perform efficiently at managerial level, the role must be accepted and agreeable to the employee. The role occupant should have clarity about the role. As in the case of managers in ADO, the mean score shows that the degree of DA is more than the average score. And also show that they get a chance to negotiate their role in the organization and hence can perform with efficiency. It is pertinent to understand that by virtue of being given authority decentralization in negotiating their roles, they are able to plan and act according to the role expectations. They will be willing to take responsibilities of their roles. Since they get more degree of DA in role negotiation, they can identify and suggest the problems and prospects, which need to be foreseen with the role. This will definitely help to enhance the achievement rate.

The analysis of **item 3** regarding 'employees involvement in activities with responsibility' shows no significant difference in scores of two categories ( $t = 0.714$  and  $p=0.477$ ).. The mean of score for ACO is 2.77 and that for ADO

is 2.67. The scores for both the categories fall in above average range. As far as this item is concerned managers in ACO and ADO receive higher degree of DA regarding their involvement in activities with responsibility. This helps in forming work environment that is conducive as well as task performing.

The involvement of managers in activities with responsibilities can be considered as *task involvement* as they were not a party in the decision making process. This is not the real participation. In such situations managers go through the motions of the involvement, but nothing more. They hold meetings, ask opinions and so on. Here managers fail to become ego-involved. This is what is seen from the analysis results that the item did not get influenced by the difference in the degree of DA.

The analysis for the **item 4** which is related to 'decisions of launching new activities' shows no significant difference in scores between the two categories. The mean score for ACO is 2.38 and that for ADO is 2.65. The scores for both the categories fall in above average range. Managers in ACO and ADO have a feeling that decisions of launching new activities are done by discussing with staff ( $t=1.602$  and  $p=0.112$ ). This kind of feeling leads to satisfaction and a sense of participation.

This can be a managerial tool which senior managers use to improve outputs of middle and junior level managers. That is when they are known about the launching of new activities, and the goal is mutually set, that will provide them with varying degrees of perceived ownership and the key feeling of identity in their work environment.

**Item 5** deals with 'resource allocation in the organization'. The analysis for this item shows significant ( $t=3.574$  and  $p=0.000$ ) difference in the two types of projects and suggested that there prevails a difference in the level of degree of DA between ACO and ADO.

Mean score for ACO is 2.14 and for ADO it is 2.69. The mean score for ACO is below average and for ADO falls above average. Managers in both types of organizations enjoy different degree of DA in resource allocation. Managers in ACO have a feeling that they do not have freedom towards allocating resources. The inability to do so is a cause of frustration to the managers. In the case of development projects, where proper implementation depends on adequate resources, inability to use resources as per need is frustrating. Mean scores on this item suggest that the managers in ADO are provided enough authority with respect to resource allocation for their activities which they undertake.

In organizational set ups like that of development projects resource allocation with matching freedom is very important. It enhances their effectiveness in taking decisions involving challenges and risks. This type of situation encourages managers to take initiatives to decide and act on their own for organizations' well being. The authority related to resource allocation as per activity need gives a more favourable situation and work environment for managers in ADO.

**Item 6** is related to 'empowerment with power' given to take up responsibilities, which the managers have in decision making. The analysis for this item shows significant ( $t= 4.007$  and  $p =0.000$ ) difference between the two categories. Mean score on this item for ACO is 2.17 and for ADO is 2.76. The mean score for ACO falls below average and for ADO falls above average.

The higher degree of DA enjoyed by the managers in ADO trained them to own up the pros and cons of decisions taken by them. With the expertise and experience the managers are capable of taking responsibilities, when they are given with authority for taking decisions and acting on the basis of those decisions. In fact this can be a conducive situation for any successful



organization. Willingness and happiness in taking up responsibilities is directly related with the authority they are given for that. The managers in ADO get more authority in this situation, where they can take up responsibility. This dimension related to authority impacts the efficiency of the organization, thus making the organizations under ADO category more efficient.

When middle and junior level managers do not have a stake in decision making process, the powerlessness they feel contributes to the frustrating experience of low self –efficacy. Individual perceptions of low self-efficacy can be raised by empowering employees, or by identifying and removing the conditions that cause powerlessness and thus enhancing feelings of self-efficacy. Because of the opportunity to take part in decision making with responsibility, the middle and junior managers in ADO are able to cope up with situations and enable themselves to take control of problems as they arise.

**Item 7** is related to the ‘arrangements of finances for their project work’. The analysis shows no significant difference ( $t=1.740$  and  $p= 0.084$ ). The mean scores on this item for both the categories, ACO (2.32) and ADO (2.59), fall above the average score. This suggests that managers associated with all the projects receive better degree of DA in this particular situation. In organizations like development projects, which are funded by external funding agencies, financial stability is not questioned at all. Funding sources are strong and no member finds any difficulty and delay in accessing finance for different activities. This is reflected in more or less similar responses and mean scores. Hence, it is said that managers in development projects, whether in ACO or ADO do not fear about finance for their work.

The **item 8** is related to the ‘freedom for functionalization’. The analysis for this item shows significant ( $t= 4.472$ ,  $p= 0.000$ ) difference in scores between



ACO and ADO. The mean of score for ACO (1.94) falls below average and mean of ADO (2.63) fall above average, clearly suggesting a difference in the degree of DA in this.

Freedom for functionalization with accountability motivates managers and enhance their self confidence. This will definitely generate a work situation in which managers can contribute their maximum efficiency. With higher levels of functional freedom, managers believe that they are competent and valued, that their jobs have meaning and impact, and that they have opportunities to use their talents. In effect when they are given functional freedom, it is more likely that their efforts will pay off in the kind of performance that the organizations value.

Thus as accountability given with freedom for functionalization directly related to efficiency, is there fore required for high performance in the organization. It is suggested that accountability given with freedom for functionalization is a clear signal of degree of DA and so managers in ADO category have a better degree of DA.

**Item 9** discusses the ‘freedom given to managers in decision making regarding the access to funds for activities’. Analysis reveals significant difference ( $t= 4.474$ ,  $p=0.000$ ) in degree of DA in ACO and ADO. The mean scores of the two category are also significantly different, where as the mean score for ACO(1.74) falls below average and that of ADO (2.47) falls above average, which suggested that there is a significant difference between the degree of DA in the two type projects.

Freedom for deciding to access funds for activities is a critical factor for any manager. But managers in ACO lag this support. As proved in the earlier analysis of degree of DA in resource allocation for activities, in this situation also the managers in ADO have more degree of DA. As shown in the analysis

of item No.6, even though the managers from ACO and ADO need not to fear about the finance for their work, the managers in ACO were not given the authority to decide to access funds for activities given to them. Actually this situation, viz., with sufficient funding and limited freedom to decide about accessing it, pulls back the managers to work creatively with commitment by making full utilization of their capacity. But the situation is significantly different and better in the case of ADO, as they receive more authority with a better degree of DA.

**Item 10** relates to the easiness of managers in accessing fund for the activities. No significant difference has been observed in the analysis of this item ( $t=1.727$ ,  $p=0.086$ ) with more or less similar mean score, 2.10 for ACO and 2.39 for ADO, which are just below and above average respectively.

The point to be noted here is that as in the case of analysis of item No.7, managers in ACO and ADO do not find any difficulty in accessing fund for the activities which they are responsible. This again shows that accessibility for fund is not an issue in the case of ACO and ADO. But the authority given to take decision in this matter, the two type organizations differ.

The issue of the existence of a 'transparent policy for decision making & implementation' is discussed in **item 11**. The analysis shows a significant difference ( $t=3.718$ ,  $p=0.000$ ) between the two categories. The score of mean (2.21 for ACO and 2.76 for ADO) shows a better level of DA in both the categories. Where as mean score in ADO falls in a high range showing a strong level of DA prevailing in the organization.

The comparatively better mean scores suggest that both the categories have a transparent policy for decision making and implementation. This may be a situation in development projects. The development projects are formed with a particular objective, that to be achieved within a short period, and will have

specified work plan and strategies. Hence their policies also will normally be clearly defined. This is been proved from the mean scores. But the level of transparency experienced by the managers in the two type organizations are different, showing a reasonable difference between the mean scores. Thus the higher mean of score in ADO proves that transparency in policy in decision making and implementation is more observed in ADO because of the better degree of DA.

It can be concluded that managers in ADO follow an approach that is transparent in policy for decision making. Nothing is considered secret and confidential. Every one practices transparent approach at work place and every employee knew what others do. Every manager is aware of the organization's policy, the planning process, the achievements, the future course of action etc.. This transparency requires a high level of maturity on the part of managers working in the organization. All these processes there to create a high performing workforce, which need to be proved with the higher effectiveness of ADO.

**Item 12** related to the 'authority given to take decision and act accordingly using fund without prior permission in good faith for the benefit of organizations in emergencies'. The analysis findings in this item reveals that there is no difference ( $t = 0.874$ ,  $p = 0.384$ ) between ACO and ADO, and deviates from the earlier findings that in both type projects managers face similar situation in taking decisions and act accordingly using fund without prior permission in emergencies.

The mean score is low in both cases suggesting that degree of DA in this situation is low in both ACO and ADO. Hence it is concluded that the degree of DA allowed in these organizations may be mainly in functional areas and not in the financial matters. There will always be a control over decision taken on fund utilization irrespective of nature of project, even if sufficient fund is

there.

**Item 13** is related to the 'functional freedom given by the top management to become innovative'. The analysis shows a difference ( $t= 2.079$ ,  $p= 0.040$ ) for this item.

The mean of scores tells that the managers in both ACO and ADO received a better level of DA in this situation with a mean of 2.53 for ACO and 2.80 for ADO both fall above average. But the score is remarkably high in the case of ADO, which means that the managers in ADO are more innovative and contributive leading to high efficiency. This confirms the higher degree of DA enjoyed by the managers in ADO. This result also support the before mentioned conclusion, that the managers experience DA in functional areas rather than in financial matters.

During the course of time in the organization, the managers acquire a greater desire for influencing work-related decisions and an expectation that they will have freedom for functioning. Thus this functional freedom becomes an ethical imperative for managers. This view concludes that jobs without functional freedom cause both psychological and physical harm to the managers in the long run. Thus the senior managers are required to allow functional freedom that will allow the middle and junior managers to experience feelings of empowerment in their work.

**Item 14** is related to 'Employees' role in administration'. The analysis reveals no difference in the degree of DA between ACO and ADO ( $t=1.410$ ,  $p= 0.161$ ). The mean score fall below average suggesting that the role given in administration is comparatively low, with a slight better score for ADO which is also below the average.

Based on this analysis results, it is suggested that the functional freedom and role in administration need to be seen differently in development projects. Even though the managers are given better degree of DA in functional areas, they are given with a limited degree of DA regarding their role in administration. This is same for both ACO and ADO and suggesting that there is no difference in this item between ACO and ADO.

**Item 15** deals with the 'Employees' clarity about their roles in organization. Analysis based on the scores for this item shows no difference between ACO and ADO ( $t=0.636$ ,  $p=0.526$ ). But the mean scores shows that there is same degree of DA in this item in both ACO and ADO, with a higher score for ACO (2.25 for ACO and 2.14 for ADO, which are close to the average).

It is expected that there will be a difference in the mean scores, as the better participation or involvement of managers in ADO because of the higher degree of DA, improves motivation by helping them to understand and clarify their paths towards organizational goals. The improved understanding and clarity about the roles in the organization produces a higher responsibility for goal attainment and the resulting higher effectiveness. Here the mean scores show that there is no difference in the role clarity among the managers in ACO and ADO, which need to be confirmed with the further analysis especially with that of effectiveness.

**Item.16** discuss about the 'chance for decisions making at lower levels'. The analysis based on this item reveals no significant difference ( $t=1.103$ ,  $p=0.272$ ) in scores. The mean score for ACO is 1.96 and for ADO is 2.16 shows that there is no significant difference in the degree of DA in ACO and ADO. But the response is slightly favourable for ADO.

Similar to any other organization in government sector or corporate sector,

decision making process in development projects are also very rarely done at lower levels irrespective of whether it is ACO or ADO. But as part of the general nature and high degree of DA prevailing in ADO, the mean score shows a slightly higher value for ADO.

**Item.17** related to the ‘importance and impact of the decisions made at lower levels’. Analysis for this item shows a significant difference ( $t= 2.674$ ,  $p= 0.008$ ) for this item. The means scores also are different with ACO (2.05) and ADO (2.49).

As the analysis results of the previous one suggested, decision making at lower levels are rarely happen in development projects. But the middle and junior level managers especially from ADO do not think that those decisions are not important. The mean score falls upper average range, and hence their views about this item are also strong. This is evident from the mean value and p value.

**Item.18** related to the chance of relying on lower level decisions in various functions, viz. production, finance, personal etc.. Similar to the analysis of the previous one viz., item 17, analysis for this item shows significant difference ( $t= 2.246$ ,  $p=0.026$ ).

This finding is matching with the analysis for the item 17 which says that if the decisions taken at lower level, even if they are smaller in number, are not considered unimportant. Supporting to this, analysis for this item says that some times top management rely on decisions taken at lower level in important areas viz., production, finance, personnel etc.. This showed that a better degree of DA prevails in ADO, with a mean score 2.25 which falls just on average. The situation is different in ACO with mean score 1.90, which falls below average.

Participative practices based on authority decentralization places more responsibility at lower levels of the organization and also by speeding up approval process. This also provides opportunities to minority individuals in an increasingly diverse work force, since they need not to wait until higher organizational levels before being allowed to contribute meaningfully.

**Item.19** deals with monitoring and checking by top management on lower level decision making. The analysis on the item reveals that there is no difference (  $t=0.065$ ,  $p= 0.948$ ) between the two types projects, with same score for means 2.19 ( ACO) and 2.20 (ADO). This conclusion is self explanatory and is a situation which can be expected in any organizations including development projects. The managers in both ACO and ADO are unanimous about the degree of DA they receive in this item and agree that top management always monitors and checks up on lower level decision making.

The analysis for the **item 20**, which deals with the chances for cancellation of decisions taken at lower level, shows a significant difference (  $t= 2.860$ ,  $p= 0.005$ ) in the scores. Following to the before mentioned results in the similar items, the mean value (2.55) for ADO is higher than the mean (2.07) for ACO. The degree of DA observed in ADO for this item is reasonably strong as the mean score falls above average range. They do not think that top management cancel the decision taken by lower level. Hence the situation prevailing in ADO is reported to be different from that in ACO.

The analysis of the over all score reveals that there is significant difference ( $t= 6.554$ ,  $p= 0.000$ ) in the degree of DA between ACO and ADO.

*Thus, the null hypothesis  $H_0$  01 stating that there is no difference in the degree of decentralization of authority between authority centralized organizations and authority decentralized organizations stands rejected. It*

*also stands rejected for items 1,2,5,6,8,9,11,13,17,18,20. However, it stands accepted for items 3,4,7,10,12,14,15,16,19.*

### **5.2.2. Interpretation and Discussion on nature of authority of decentralization**

A general conclusion from the analysis is that the middle and junior level managers in authority centralized organizations (ACO) and authority decentralized organizations (ADO) observe different degree of decentralization of authority and those in ADO receives more authority decentralization. This is contradictory to the conclusions of Sharma (1993), Singh (1990), Sinha & Singh-Sengupta (1991) that Indian Managers (middle level and junior level managers) possessed very little authority.

While considering 20 various situations in their work for the study, the results show that, in 11 situations the managers in ADO receive a better degree of DA than the managers in ACO. And for the remaining 9 situations managers from ACO and ADO receive almost similar degree of DA, either a better level of DA or a lower level of DA.

Even though the managers in ADO receive a better degree of DA in many situations, we can see variations in the means of scores showing that both type organizations have varied degree of DA, suggesting that it is not possible to have a wholly autocratic or democratic management. Sarab Sadri (2002) also concluded this in his study conducted for developing a model for industrial relation audit, and suggested that these signify the tendency. Another study conducted on development sector by ANTRIEP (1997), also revealed the same conclusion. Their findings was, 'there does not exist any ideal decentralization scenario. What is appropriate and feasible in one context, might be counter productive in another.



When we analyze the situations in which the two types projects showed a difference, it could be seen that the managers in ADO really possess authority. They have a different degree of DA in areas, viz., involvement in planning goals & targets and implementation, role negotiation, resource allocation with matching freedom, power given to take up responsibilities, freedom for functionalization with accountability, freedom to access funds, freedom to be innovative, decisions can be made at lower levels, various functions rely on lower level decision-making etc., which are considered as symbols of power as pointed out by Shukla (1996). He suggested the following as symbols of power;

‘Easy access to crucial organizational information about major decisions and changes, Can get approval for expenditure which is beyond the budget, Can influence the agenda for meeting, Have fast, easy and regular access to decision making etc.’.

If authority is not been decentralized in ADO, the managers could not possess these powers.

This study found that the managers in ADO reported that they use authority in the above mentioned areas because they receive better degree of DA. This is in line with the conclusion of Shailendra Sing (2000). In his study about 340 managers in 8 banks both in public sector and private sector, he found that ‘managers using various authorities more frequently would report themselves to be more powerful’. But another researcher related the authority level with job satisfaction and efficiency. McClelland (1975) similarly pointed out that because the workers reciprocate the authority they receive from the organization, those who receive more will reciprocate more by showing positive attitudes and job satisfaction. While Herman (1975) related authority levels to outputs. Hence the situation in ADO suggest a higher efficiency for managers in ADO.

Mishra (2001) from his study about power grid has opined that 'quick decisions are required for the smooth operations of the organizations'. As similar is the case with organizations like the time bound development projects, quick decisions have to be made. And, for that the implementing officers should have permission for taking situation based decisions when it is needed. It will be possible only if there exists formal authority decentralization. This study reported that the managers in ADO have better degree of DA in decision making, the efficiency of managers and the organization as such will be better than that of ACO.

The analysis reveals that some times for various functions, viz. production, finance, personal etc. the top management rely on lower level decision-making. In fact this is a requirement for organizations like development projects practicing decentralization of authority. Govinda (2005), also suggested this from his study on various educational projects in Bangladesh, Nepal and India, as he said that 'in any case, for any decentralization policy to succeed, there is an evident need to strengthen capacities at lower level.' Actually, if this happens, then only we can experience the results of authority decentralization.

The study by ANTRIEP (Ibid.) found that 'the nature and degree of authorization to the smaller units is really the major point of departure from centralization'. Hence the lower levels are also to be empowered with decision making capacity arising out of DA, as is showed in this study the case with ADO differentiating it from ACO. Decentralization to the lower levels also has diverse manifestations. It may be fiscal by which the lower level manager may be authorized to decide sources of finance. Along with it or even without it, the authority may also be given singly or in combination of planning, implementation, administration and management.

In addition to these areas, decentralized systems should allow for a more wide-ranging sense of ownership of policies and programmes as also proved by Franke and Chasin. (1994), as lower-level employees are also accountable for results and move to higher posts, bringing an enthusiasm for the consensual and responsive modes of governance that tend to develop in decentralized systems.

Some other studies have also proved that employees should be involved in planning goals & targets and implementation for the success of the organization supporting the findings of this study about the favourable situation prevailing in the ADO because of the DA practiced there. Ramachandran and Dimri (1991) stressed that if the development priorities in the plan could be based on the priorities given by all groups of employees, the planning process would be participatory in the real sense of the term and would be ideal for development projects. This is also highlighted by Maddick (1993). He focused on multi-level decentralized planning as a forceful developmental instrument and suggested that it is very essential.

Supporting to the conclusions of the above mentioned studies, this study also suggests that 'it is the people at the grass-root level who know local problems and can effectively solve them'. In order to make the implementation process more effective, planning from above is to be matched by a process of planning from below. This approach is more needed in the case of development projects. Because the uniform application of development activities irrespective of their varying adaptability to local conditions would prove to be fatal. Hence, plans are to be made after identifying the strategic variables and examining their interactions. For this purpose, planning from a lower hierarchical level, which is closer to the target group, is required. This was proved and put forward by Fiske (1996) who suggested that 'Central authorities should concentrate on setting goals, generating resources, targeting

resources to meet special needs, and monitoring performance, while everyday management is best devolved to lower level authorities’.

There are some other studies suggesting a chance for a better degree of DA in ADO which allow more DA in major functions including resource allocation and decision making opportunity for the managers, ensuring every chance for success. Bourgault and Dion, (1993) suggested that ‘often planning ends with target setting and pays insufficient attention to how these targets are to be achieved’. This is the primary reason for non-implementation of well-conceived plans. Therefore, organizations must emphasize meticulous micro-planning at all levels, from the total organization to the individual employee involved in the decision-making process.

Research indicates that as an organization grows, so does pressure for decentralization. As noted earlier, a greater formalization in large organization permits the decentralization of routine decisions because rules tend to define decision-making parameters, so that decisions can be made at lower levels without a loss of control. Thus it would appear that a key to successful decentralization is to have some mechanism in place to ensure conformity with organizational norms, rules, and values in the decision-making process. This conclusion tends to be supported by the work of William Ouchi in his classic Theory Z ( Ouchi, 1981).

After researching 59 companies of diverse sizes from industries across the globe, Hagberg Consulting Group (HCG) found that management generally makes decisions with a highly distorted view of what is really going on in the organization, particularly when it comes to understanding organizational culture. To its credit, management is often highly attuned to developments in the external world. Where management often appears to be clueless in reading the organization’s internal landscape: its culture, climate and employees’

feelings. Not surprisingly, misconceptions about the organization impact the quality of management decisions that all too often feed off the bottom line.

Peter and Waterman, (1982), Ouchi, (1981) tend to propose new kinds of human relations involving employees in decision-making, allowing them some discretion at the core of the organizational culture. Supporting to the findings of this study, Foster (1992), Lawler and Bowen (1995), Bagali (2000, 2001), argued that 'employees involvement in decision-making and their empowerment go hand in hand, and if one is to create a healthy workplace in the organization, one has to practice the decentralized decision-making style'.

The argument of this study in explaining the need for a decentralization in decision making get supported by the findings of Bagali (2000), as he proved that 'The unique feature of any winning organization is the decentralized decision-making style of management allowing involvement of staffs in decision-making'. As he suggests that, 'The freedom given for decision-making makes employees extra cautious and careful'. This is what Sawyer (1988) also tells - that employees feel more accountable when empowered to take decisions without formal consent in the interests of the organization. Hence, it may be concluded that successful organizations value their people and believe that people are their most valuable assets.

From the analysis, result of responses of managers from ADO under this study the researcher could understand the reflection of the decentralized decision-making style. The management does not question the validity of decisions taken by lower level managers. An employee is free to decide and act as per his/her understanding on the course of action that is to be initiated in the interest of the organization. Even an employee from an organization where decision-making is done in a decentralized manner made a comment as, 'we feel happy in taking quality decisions because there is no suspicion or cross-checking'. Each has faith in the other's capacity to decide and initiate action.

Supplementing the findings of Ramachandran and Dimri, (Ibid.) this study emphasizes the relevance of this type of decision-making style for development projects.

Sometimes managers argue that employees are unable to get the whole picture in the organization, and that they are not all qualified to make decisions. The findings of Dobbs (1993) and Dobbs et al (1993) suggested reasons for this as employees are unable to see the connection between process improvements and the overall strategy and profitability of the firm. But this may not be the situation with development projects, as there will not be too many departments and varied activities. Hence the responses of this study tally with the earlier findings of Foster (1992), Lawler and Bowen (1995), Bagali (2000, 2001), which say that employees must be allowed participation in decision-making at all levels for a healthy workplace and organization.

It can be concluded by suggesting that 'how decisions about goal-setting and implementation of the activities in development projects need to be taken'. If decisions are not taken with the involvement of the managers who are the implementing officers, then the goal-setting will not be realistic or meaningful. If expectations about achievement are too low, they will fail to ignite employees to act promptly when prompt action is required. This is relevant in the case of projects as the lifespan of the target and plan is too short. On the other hand, goals that are unrealistically high are frustrating too. Employees see little connection between effort and performance. Therefore, their sense of self-efficacy will be diminished, leading to low performance as also proved and feared by Bennis and Nanus (1985); Tichy and Devanna (1986).

The inference of this study also support the arguments of earlier studies by viz., Conger and Kanungo, (1988); Hills and Mahoney (1978); Pfeffer (1981); Porter and Lawler (1968), that employees who have power are more likely to achieve their expected outcomes and those without power are more likely to

have their output controlled by the individuals who wield power. Conger and Kanungo also opined that 'empowerment of employees is a principal component of managerial and organizational effectiveness'.

### **5.3. Analysis of organizational culture as per wideness and frequency of value practice**

The study focused on the organizational culture prevailing in the eight organizations represented by respective development projects in Kerala. For studying the organizational culture prevailing in the studied organizations, the researcher has decided to analyze the practice of values in those organizations assuming that values are important to the study of organizational behaviour because they lay the foundation for the understanding of attitudes and they influence the employees' perception.

#### **5.3.1 Analysis of Organizational Culture**

Middle and junior level managers' perception towards the wideness and frequency of value practice related to 16 values having relevance with dispersion of authority were measured to know the difference in the organizational culture prevailing in authority centralized and authority decentralized organizations. The perception was measured using the instrument detailed in chapter four. The responses received on administering the instrument among the managers of the eight projects were analyzed. The analysis and interpretation of scores are presented in this section.

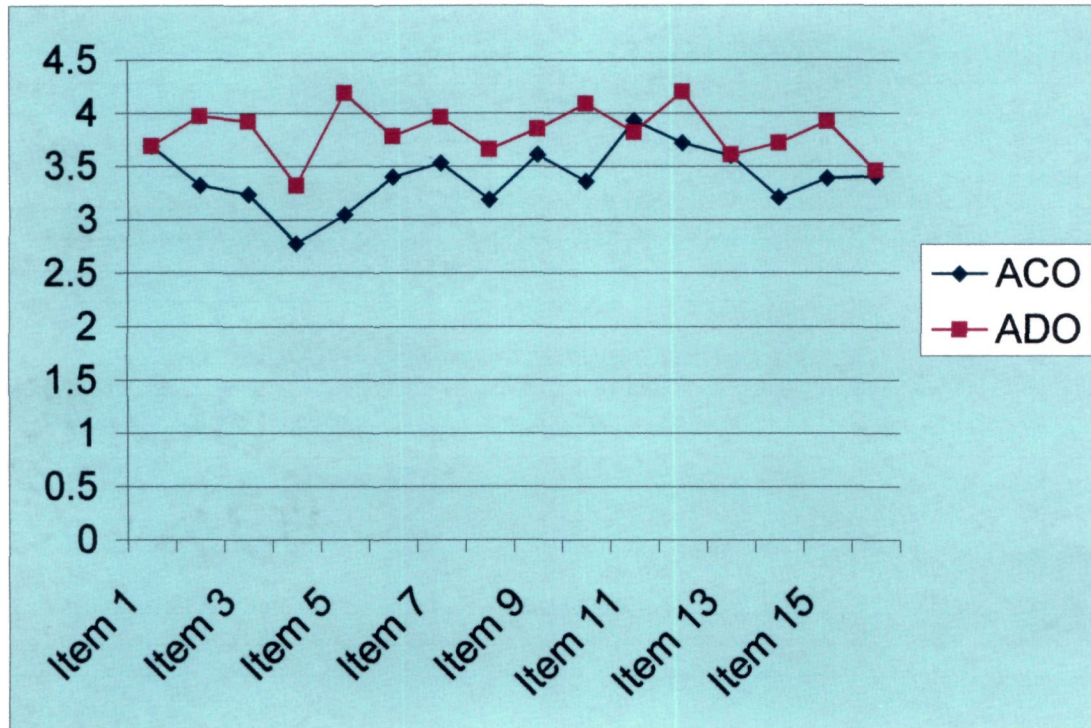
For the purpose of analysis of wideness and frequency of value practice, the sample was categorized into two groups- authority centralized organizations (ACO) and authority decentralized organizations (ADO). The sampling unit was selected by including middle and junior level managers. There were 132 respondents in this category. The means of responses of the eight organizations for 16 items in the questionnaire were separately found out. The analysis of results for wideness in value practice is tabulated in Table 5.5. and that for frequency in value practice are tabulated in Table 5.6.



**Table 5.5. Analysis results of responses for wideness of value practice  
(Items 1-16)**

Item	Mean		SD		t-value	p-value
	ACO	ADO	ACO	ADO		
	N=81	N=51	N=81	N=51		
Item 1	3.69	3.69	1.069	.890	0.025	.980
Item 2	3.32	3.97	1.067	1.110	-4.061	0.000
Item 3	3.24	3.92	1.025	.888	-4.695	0.000
Item 4	2.78	3.32	1.260	1.085	-1.602	0.047
Item 5	3.05	4.19	1.296	1.016	-6.378	0.000
Item 6	3.40	3.78	1.295	1.358	-1.930	0.055
Item 7	3.53	3.96	1.019	1.013	-2.735	0.007
Item 8	3.19	3.66	1.343	1.407	-2.297	0.023
Item 9	3.61	3.85	1.019	1.178	-1.521	0.130
Item 10	3.36	4.09	1.213	1.100	-4.208	0.000
Item 11	3.93	3.82	.993	.984	0.714	0.476
Item 12	3.72	4.20	1.223	.827	-2.984	0.003
Item 13	3.60	3.61	1.019	1.460	-0.064	0.949
Item 14	3.21	3.72	1.085	.899	-3.334	0.001
Item 15	3.39	3.92	1.102	1.017	-3.283	0.001
Item 16	3.41	3.46	1.135	1.326	-0.260	0.795
<b>Total</b>	54.43	60.97	13.126	10.596	-3.594	0.000

*Fig.5.2. Item wise means of responses of value practice (wideness)*

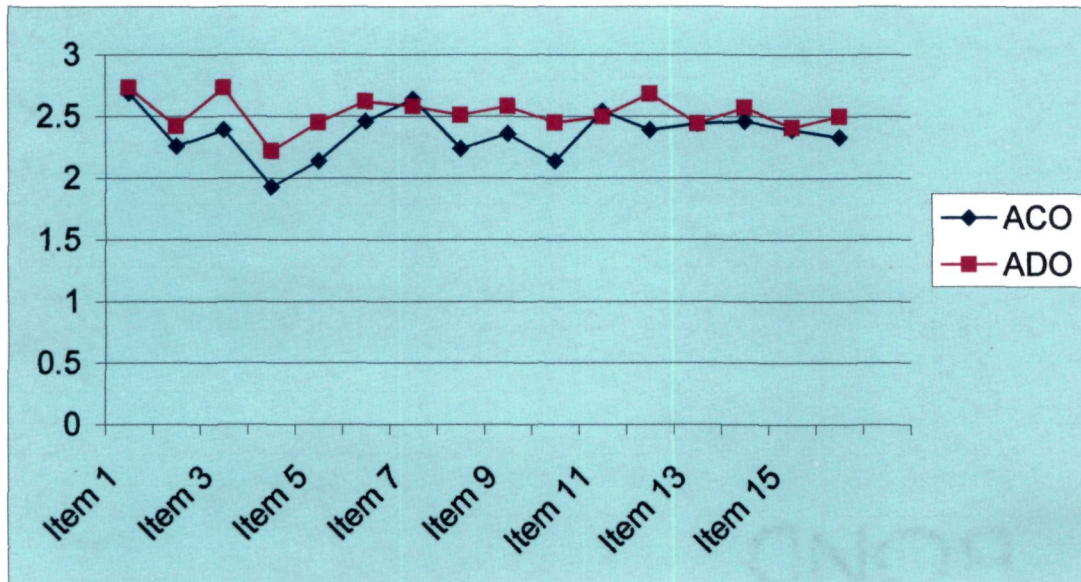


The analysis reveals a significant difference on over all score as well as on some individual scores. The mean of widenness of value practice for ACO is 54.43 and ADO is 60.97 tells that there is a significant difference.

**Table 5.6. Analysis results of responses for frequency of value practice (Items 1-16)**

Item	Mean		SD		t-value	p-value
	ACO	ADO	ACO	ADO		
	N=81	N=51	N=81	N=51		
Item 1	2.69	2.73	.612	.477	-0.438	0.662
Item 2	2.26	2.42	.705	.740	-1.451	0.148
Item 3	2.39	2.73	.748	.580	-3.266	0.001
Item 4	1.93	2.22	.817	.745	-2.429	0.016
Item 5	2.14	2.45	.808	.743	-2.614	0.010
Item 6	2.46	2.62	.743	.516	-1.583	0.115
Item 7	2.64	2.58	.612	.524	0.686	0.493
Item 8	2.24	2.51	.744	.579	-2.708	0.007
Item 9	2.36	2.58	.730	.702	-2.062	0.041
Item 10	2.14	2.45	.702	.553	-3.160	0.002
Item 11	2.54	2.50	.667	.687	-0.435	0.664
Item 12	2.39	2.68	.588	.500	-3.411	0.001
Item 13	2.44	2.44	.679	.687	-0.603	0.547
Item 14	2.46	2.57	.668	.893	-0.900	0.369
Item 15	2.39	2.41	.647	.595	-0.114	0.909
Item 16	2.33	2.50	.760	.646	-1.555	0.122
<b>Total</b>	38.20	39.85		6.092	-1.836	0.068

**Fig. 5.3. Item wise means of responses of value practice (frequency)**



The analysis reveals no significant difference on over all score. The mean of frequency of value practice for ACO is 38.20 and ADO is 39.85 tells that there is no significant difference.

The analysis regarding **item 1**, 'promptness and time consciousness in executing a job' reveals that there is no difference either in *wideness* ( $t= 0.025$ ,  $p= 0.980$ ) or *frequency* ( $t=0.438$ ,  $p=0.662$ ) of value practice. It is noteworthy that the responses have same scores and means are also same, i.e. 2.69 for both ACO and ADO in the case of wideness. For frequency also the means are at more or less same range (2.69 for ACO and 2.73 for ADO).

The point to be noted here is that regarding the wideness of this value, responses of managers from both ACO and ADO are at average. That means managers try to execute their jobs in a timely manner, which can be considered as a pre requisite for the work situation in development projects irrespective of ACO or ADO.



**Item 2** related to the ‘execution of challenging task and having done it with sense of achievement’. The analysis on scores for *wideness* of this value practice shows a significant difference ( $t= 4.061$ ,  $p=0.000$ ), and the means scores are also have a remarkable difference as 3.32 for ACO and 3.97 for ADO. The comparatively higher score for the mean value for ADO suggest that this value is widely practiced in ADO. The mean score for the value practice in ACO falls below average suggests that this value is less widely practiced in ACO.

It is expected that managers in ADO will widely practice this value as they are empowered or equipped with DA for taking up challenging tasks and having them done with a sense of achievement. Each has faith in others’ capacity to decide and initiate action. The lower level managers are given freedom to decide their own procedure to work, formulate codes, methods and framework rules etc.. There is no tension as freedom is given. This entire put together helps in the building process of the organization and the best in employees will come out. Thus they could execute challenging task with sense of achievement. Because of the same reason, managers in ACO cannot practice this value widely as they cannot take up challenging tasks without empowered with DA.

Where as regarding the *frequency* in practicing this value, the difference is not significant (  $t=1.451$ ,  $p= 0.148$ ). The values are comparatively low also with 2.26 for ACO which falls below average and 2.42 for ADO which is above average showing that even though there is no significant difference between frequency in practicing this value, the managers in ADO practice the value more frequently than managers in ACO.

Regarding **Item 3**, ‘recognizing self respect of every one’, the analysis shows a significant difference ( $t= 4.695$ ,  $p= 0.000$ ) for *wideness* and ( $t=3.266$ ,

$p=0.001$ ) for *frequency* for the value practice among managers in ACO and ADO.

Regarding the scores for wideness in value practice, there is a significant difference between the means with 3.24 for ACO which falls below average and 3.92 for ADO which is higher, showing that managers in ADO recognize self-respect of others more widely. This can be understood in light of the degree of DA in both types organizations. ADO with more degree of DA gives more recognition to self respect of others in the organization where as in ACO where there is less degree of DA, low recognition is given to the self respect of others.

The analysis of means scores for frequency of value practice is also found to be supporting to the above finding suggesting a significant difference ( $t=3.266$ ,  $p=0.001$ ) between ACO and ADO. Different from the mean scores for wideness, the mean score for frequency for ACO falls on average showing that though this value is not practiced widely, it is practiced frequently in ACO. As it is expected in the case of ADO with high degree of DA, the mean score for frequency of value practice for this is high.

From the  $p$  value for both wideness and frequency, it is concluded that respect for employees is just not preached but is practiced too in ADO. Every individual irrespective of his position is given equal respect. As long as the person is working for the objective of the organization and contributing for the same, he should get respect. Each manager's work is respected irrespective of the quantum one contributes. If one is treated as equal, he will surely give the best and quality out-puts. These are the kind of values widely and frequently practiced by the managers in ADO.

The value discussed as **Item.4** is 'supporting risk taking without considering the consequences of it'. The analysis shows significant difference in both

*wideness* ( $t= 1.912$ ,  $p=0.047$ ) and *frequency* ( $t= 2.429$ ,  $p=0.016$ ) of value practice between ACO and ADO.

This is similar to the results of analysis for item 2, viz. execution of challenging task and having done it with sense of achievement. But the mean scores for both *wideness* and *frequency* do not fall on or above average range either for ACO or for ADO. That means supporting risk taking when the result is suspected is not much appreciated in development projects. However due to a better degree of DA in ADO, the managers showed a better level of *wideness* and *frequency* for practice of this value.

The objectives and working situations will be different in development projects and hence there will not be sufficient previous experiences or precedence to refer. Therefore risk taking attitude need to be encouraged in development projects as the managers have to take risks in decision making and implementation of the decisions. But this value will be accepted and appreciated only when the managers are authorized to do so. When with low degree of DA we cannot expect this to happen.

One thing we need to admit here is that there will not be any blanket permission for risk taking approach ignoring the consequences, which is shown in the comparatively low response for the value. However with a higher degree of DA, ADO support this value to a certain extent that make the situation different in ADO than in ACO.

**Item 5** discusses about the ‘involvement of all the concerned persons to participate in the decision making process’. Analysis of the means scores for this value shows a significant difference ( $t= 6.378$ ,  $p=0.000$ ) in *wideness* and ( $t= 2.614$ ,  $p=0.010$ ) in *frequency* of value practice in ACO and ADO.

The difference in the mean scores also shows remarkable difference. The mean for wideness in ACO is low (3.05) which falls below average and mean for ADO (4.19) which is one among the highest responses, falls in upper average, strongly suggests that the managers practice this particular value, most widely. This is exactly what one may expect from any project under ADO category. By virtue of better degree of DA, the managers get a stake in decision-making process in the organization. So the high response of managers in ADO confirms the high degree of DA exercised in ADO.

Similarly, in the analysis of mean score for frequency of value practice among managers, ADO gave higher scores (2.45) which falls above average, where as mean score for ACO (2.14) falls below average.

The unique feature of ADO can be that everyone is equally voiced in the organization's future. The freedom given makes managers extra cautious and careful, while each manager is empowered to take decisions without formal consent in the interest of the organization. It can be concluded that authority is decentralized in ADO and the managers are involved to participate in the decision making process. Authority is effective here with an ability to exercise it. Individuals are given the authority to make it possible for him to fulfill his organizational obligations. When the concerned persons are involved in the decision making process, rather than advised to perform better, the results will be sensationally different. This we need to confirm with the effectiveness data analysis of ADO.

The analysis regarding **item 6**, 'adopting honesty as a pre requisite for long successful working life', shows no significant difference both in *wideness* ( $t=1.930$ ,  $p=0.55$ ) and in *frequency* ( $t=1.583$ ,  $0.115$ ) of value practice by managers in ACO and ADO.



As in the case of any other organization, managers in development projects also practice this value widely and frequently. This is clearly shown in the high means of scores ACO (3.40) and ADO (3.78) in the case of *wideness* and 2.446 for ACO and 2.62 for ADO for *frequency*. In both cases of *wideness* and *frequency*, the mean scores of ADO fall above average and mean scores for ACO fall on average.

Analysis as per practice of value **item 7**, 'aiming at perfection in work' by managers in ACO and ADO, shows a significant difference in *wideness* of value practice ( $t=2.735$ ,  $p=0.007$ ) with a reasonable difference in the mean scores 3.53 for ACO and 3.96 for ADO. In the case of *frequency*, the analysis reveals no significant difference ( $t=0.686$ ,  $p=0.493$ ).

Aiming at perfection in work-is a general value concept which need to be practiced by managers in every organizations. In the case of development projects, managers in ACO and ADO practice this value. This is also shown by the higher value for mean score for the *frequency* (2.64) for ACO and (2.58) for ADO.

But what is to be highlighted from the analysis is that, the value 'aiming at perfection in work' is practiced by the managers in both ACO and ADO. But there is a difference in the *wideness* of value practice where as in the case of *frequency* both types organizations are similar.

The analysis regarding 'encouragement and opportunity for professional growth in consistent with company goals' (**Item 8**) shows a significant difference both in *wideness* ( $t=2.297$ ,  $p=0.023$ ) and *frequency* ( $t=2.708$ ,  $p=0.007$ ) among managers in ACO and ADO.

The mean scores for wideness in ACO (3.19) falls below average and that of ADO shows an average range (3.66) suggests that this value is given importance in ADO. Where as the mean score for frequency also shows a reasonable difference in the two categories, with 2.24 for ACO which is near to average and 2.51 for ADO which is in upper average range.

As far as this value is concerned, we can not see a direct impact of DA in this, but empowering the managers for their professional growth is an outcome of DA. Hence, it can be concluded that encouraging and providing opportunities for professional growth of individuals is being happen in ADO because of the practice of DA, and this makes the culture of ADO different from that in ACO.

**Item 9** deals with managers' practice of 'keeping an open mind to listening to others'. The analysis shows no significant difference ( $t= 1.521$ ,  $p=0.130$ ) in the *wideness* of value practice in ACO and ADO. At the same time there is a significant difference in the frequency of value practice ( $t= 2.062$ ,  $p=0.041$ ).

The mean scores are comparatively higher and the mean for wideness (3.61) and frequency (2.36) in ACO are at average range that too are comparatively high. But the mean scores are still higher for ADO and we need to conclude that the managers in ADO practice this value more widely (mean 3.85) and more frequently (2.58) than the managers in ACO.

Thus to conclude that the managers in ACO and ADO mutually discuss work problems. And senior managers provide them with increased information about the organization's operations, and thus allows them to make better quality suggestions. This might be happening in both types of organizations.

Analysis as per the score for the value, viz., 'Encouraging and providing opportunity for creativity and innovation', **item 10**, shows a significant

difference both in the *wideness* ( $t= 4.208$ ,  $p= 0.000$ ) and *frequency* ( $t= 3.160$ ,  $p= 0.002$ ) of value practice in ACO and ADO.

The mean score in ADO (4.09) shows that the *wideness* in the practice of the value is strong enough than that in ACO where the mean score (3.36) falls below average. Even though the mean scores for frequency are low in both cases, there is a difference between the values, 2.45 for ADO, which falls above average range and 2.14 for ACO which is close to the average.

The managers in ADO remarked that the value, 'encouraging and providing opportunity to be creative and innovative' is well practiced in the organization. This can be a positive consequence of better degree of DA in ADO. The senior managers decentralize authority and thus support and encourage the subordinates to be creative and innovative. The positive consequence of DA motivates middle and junior level managers to contribute. They are empowered to release their own resources of initiative and creativity toward the objectives of the organization. This *contribution* is different from that of giving *consent*. The consenters do not contribute, hence the true value is that DA taps the creativity of all managers who receive a stake in authority. The difference is confirmed by the p value.

Regarding the **item11**, value of 'following meticulously company rules and procedures', the analysis shows no significant difference in the *wideness* ( $t= 0.714$ ,  $p= 0.476$ ) and *frequency* ( $t = 0.435$ ,  $p= 0.664$ ) of value practice among managers in ACO and ADO.

The means of scores are comparatively high for both *wideness* (3.93 for ACO and 3.82 for ADO) and *frequency* (2.54 for ACO and 2.50 for ADO). The means are more or less same in both type organizations with slightly higher score for ACO.

The value considered here, viz. 'following meticulously company rules and procedures in undertaking work'- can be considered as a mandatory one for every organizations. No employee can be exempted from that. Thus high mean score for responses is validated. But mean score for ACO are slightly higher in both wideness and frequency than ADO shows that they are more formal than ADO. This can be substantiated with low degree of DA prevailing in ACO.

The analysis of mean scores for **item 12** viz., 'Aiming at the company's profits and growth while taking up a work', shows a significant difference ( $t= 2.984$ ,  $p=0.003$ ) in *wideness* and ( $t= 3.411$ ,  $p= 0.001$ ) in *frequency* of practice of the value in ACO and ADO.

This value indirectly tells a manager's commitment to achieving the goals of the organization. From the comparatively high mean scores for both wideness and frequency it is shown that this value is given importance in ACO and ADO. But there is significant difference between the means 3.72 for ACO and 4.20 for ADO, (the highest score received for the responses from ADO) for wideness and 2.39 for ACO and 2.68 for ADO for frequency.

The point to be noted here is that the mean score for the wideness in ADO is 4.20 is the highest score that shows the level of emotional attachment and commitment of the manager towards the organization. This can be an outcome of the higher degree of DA that they observe in the organization and their stake in deciding the progress of activities in the organization, which they receive through DA. This situation can be turned into a favourable organizational culture in ADO making the managers responding positively than in that of ACO.

The results of higher degree of DA typically bring higher and better quality out put. In certain types of functioning, the quality improvement alone is worth the time invested in. Employees often make suggestions for both quality

and quantity improvements. Even though not all the ideas are useful, there are enough valuable ones to produce genuine long-run improvements. When top management consider the lower level managers equal contributors for the ups of the organizations, nothing make them think small or even if they have any dissatisfaction at times, such is not brought into the work which cost the organization, be the reason for the organizations to survive and stride to create healthy, committed work force.

**Item 13** discusses about managers' 'sense of fairness to all concerned in dealing with people'. The analysis of scores for this value shows that there is no significant difference either in *wideness* ( $t= 0.064$ ,  $p=0.949$ ) or *frequency* ( $t= 0.603$ ,  $p=0.547$ ) of value practice in ACO and ADO.

The point to be noted here is that there is no difference in the mean scores between ACO (3.60) and ADO (3.61) for *wideness* and 2.44 (ACO) and 2.50(ADO) for *frequency*. The comparatively better rating of mean scores suggested that the value is given reasonable importance in both ACO and ADO. Thus, managers in ACO and ADO practice this value with almost similar *wideness* and *frequency*.

Generally, in all organizations ego of managers often resulted in status clash. While the first step by the top management for diffusing ego is to have a sense of fairness to all concerned and then to equally recognize for the work done by all without discrimination, and treating each as valued owner of the organization. We do not find development projects as exceptions for this generalization and see that there is no distention between anyone and everyone in ACO and ADO. In fact, the organizations expect that everyone have a say in matters having a bearing on the interest of the organization.

Accountability of managers in their actions and the resulting performance is analyzed in **Item 14**. It is suggested from the analysis of the mean scores is

that there is a significant difference in the *wideness* ( $t= 3.334$ ,  $p=0.001$ ) of value practice among the managers in ACO and ADO. At the same time it is found that there is no significant difference ( $t= 0.900$ ,  $p= 0.369$ ) in the *frequency* of value practice among managers in ACO and ADO.

There is a significant difference in mean scores also. Mean score for ACO is 3.21 which fall below average and that for ADO is 3.72, which falls above average range shows that managers in ADO take the accountability of their actions and the resulting performance. This accountability can be considered as a reflection of the authority they get through DA. Hence as this particular value is been practiced by the managers in ADO, it proves that the prevailing organizational culture in ADO is characterized by DA.

It is suggested here that the middle and junior mangers in development projects are encouraged to accept accountability. It is a social process by which people become self-motivated in an organization and want to see it work successfully. As individuals begin to accept accountability for activities, they see in it a way to do what they want to do, that is, to get a job done for which they feel accountable. This is shown in the results of the analysis.

Even though this particular value is been practiced widely among the managers in ADO, the frequency of value practice is similar in both categories. The mean score falls above average in the case of ADO and for ACO it falls just on the average. From the mean scores it can be concluded that this particular value is practiced in ACO and ADO with almost similar frequencies.

From the analysis of mean scores for **item 15**, 'aiming at maximum efficiency by optimizing resources', it is shown that there is a significant difference ( $t= 3.283$ ,  $p=0.001$ ) in the *wideness* of value practice among managers in ACO and ADO. This value is indirectly impacted by DA. Maximizing efficiency

requires some authority in decision making. If it is to be done through optimized usage of resources, there should be some authority to take suitable decisions regarding it.

By analyzing, mean scores, we see that managers in ADO give a higher response for this item. The mean scores (3.92) for ADO which falls above average, shows that this value is widely practiced in the organization than in ACO (3.39) which falls below average. But there is no significant difference in *frequency* ( $t= 0.114$ ,  $p=0.909$ ) of value practice, and also there is no difference in the mean scores for frequency (2.39) for ACO and (2.41) for ADO.

Thus, to conclude that trust is exhibited in the use of organization's resources. No resource may be reserved for a person or for a position. The resources are to be used when the need so arises by everyone equally aiming at maximum efficiency.

**Item 16** deals with the 'recognition of personal freedom of individual in organizing and executing their work'. The analysis of the mean score shows that there is no significant difference either in *wideness* ( $t= 0.260$ ,  $p=0.795$ ) or in *frequency* ( $t= 1.555$ ,  $p=0.122$ ) of value practice among managers in ACO and ADO.

The mean of wideness for both ACO and ADO, 3.41 and 3.46 respectively, which are almost similar and fall below average range shows that wideness in practicing this value is low and not much importance is given for this value. Regarding the frequency of practice of value, the mean scores fall on average for both ACO (2.33) and ADO (2.50). Thus, it is clear from the analysis that managers in neither ACO nor ADO appreciate personal freedom of individuals in organizing and executing their work.

The analysis of the over all scores reveals that (i) there is significant difference ( $t=3.596$ ,  $p= 0.000$ ) in the wideness of value practice by the managers in ACO and ADO, and (ii) there is no difference ( $t=1.836$ ,  $p= 0.068$ ) in the frequency of value practice by the managers in ACO and ADO.

*Thus, the null hypothesis Ho 02 stating that there is no difference in the wideness of value practice between authority centralized organizations and authority decentralized organizations stands rejected. It also stands rejected for items 2,3,5,7,8,10,12,14,15. However, it stands accepted for items 1,4,6,9,11,13,16.*

*The null hypothesis Ho 03 stating that there is no difference in the frequency of value practice between authority centralized organizations and authority decentralized organizations is accepted. It also stands accepted for items 1,2,6,7,11,13,14,15,16. However, it stands rejected for items 3,4,5,8,9,10,12.*

### **5.3.2 Interpretation and Discussion on organizational culture**

From the analysis it is clear that wideness of values practice is remarkably different in both types of organizations. The mean of wideness in value practice is remarkably higher in ADO. In the analysis it is also found that the organizations those practice decentralization of authority have higher scores for value practice and hence have a stronger culture. Where as organizations where authority decentralization is less do not have a strong culture and received low scores for value practice. This is because values have become an important part of organizational culture as proved by earlier studies. As proved by Weiner (1988) ‘the wrong values make the culture a major liability’, whereas ‘culture has a positive impact on an organization when it points behavior in the right direction’. Tripathi et al., (2000) also argued similarly. Findings of the present study confirm these arguments and suggest a



differentiation between values which lead to success and values which lead to failure, at least in the context of development projects.

Supplementing the previous studies in this field, the findings of this study also stress that there is a strong relationship between the value practice in the organization and its culture. Several studies, viz., Bartol and Martin, (1991), Srivastava, (2001), also confirm this. The common hypothesis about the role of organizational culture is that if an organization possesses a "strong" culture by exhibiting a well-integrated and effective set of specific values, beliefs, and behaviors, as proved by Denison (1984), it will perform at a higher level of productivity.

The findings of this study are in consistent with the approaches of a number of organizational theorists and findings of earlier studies (see, for example, Marcoulides, and Heck, 1993), which explain the strong relationship with organizational performance as several positive functions are served by culture. These include facilitating commitment to a larger whole, motivating employees to do the 'right' thing etc.. Organizations in which a culture of the 'right kind' has been developed will achieve a higher performance (Ouchi, 1980), and for Wilkins and Ouchi, culture has a positive function. The present study supplements these findings by saying that authority decentralization can enhance practice of strong values and a positive organizational culture, equipping the organization for better performance.

The finding also supplements a study conducted by John Kotter and James Heskett of Harvard Business School (1982) that confirms a positive correlation between culture and financial performance of an organization and suggests that a positive organizational culture will enhance overall performance of an organization. Because of the presence of strong organizational culture, decentralized organizations could realize the full

potential of employees as opined by Maheswari, (Ibid.) and could convert their strengths to organizational achievements.

From the analysis, it is found that decentralized organizations give much importance to organizational values. The values they stress mostly are 'aim at the company's profits and growth while taking up a work, involve all the concerned persons to participate in the decision making process, encourage and provide opportunity, support for creativity and innovation, recognize the self respect of every one, etc.', which are functional-traditional values as suggested by Wiener (1988) and are long-lasting, reliable and capable of keeping people on the right track. Hence, in the case of decentralized organizations, we can expect a high level of organizational effectiveness because of these values. In the case of centralized organizations, their values are 'follow company rules and procedures meticulously in all work undertaken, be prompt and time conscious in executing a job, aim at perfection in work, etc.. Being leader-induced, according to Wiener, these are less stable, and cannot contribute to the development of proper values and, consequently, to organizational performance.

For development projects, the strategies suggested by this study are listed below which is supported by the findings of the Fortune Group's Study (Kahn, 1998) are listed below.

1. Aim at the company's profits and growth while taking up a work,
2. Involve all the concerned persons to participate in the decision making process,
3. Encourage, provide opportunity and support for creativity and innovation,
4. Be prompt and time conscious in executing a job,
5. Recognize the self respect of every one,

As proved in this study, there is a remarkable difference in the value practice between the two types of organizations. Earlier studies have also proved similar behaviour. The 'value difference' is related to organizational culture, as described by Hofstede (1991) and others, e.g., Trompenaar, (2004). For the development projects, when participants make decisions or coordinate with each other, their behavior will be based on their values. This is called 'micro-level behavior' as suggested by Levitt and Jin (1999). The observed key elements of micro-level behavior include the decision-making and coordination behaviors in addition to a risk-taking attitude as recommended by Rohmetra (2000). This argument found matching with the conclusions of this study.

Findings of this study has supplemented the argument of Denison (1984) and Schein (1990). Their hypothesis was if an organization has a well integrated and effective set of specific values, it would possess a "strong" culture. Where as this study suggests that because of more wideness and frequency of value practice, the organizational culture in ADO is strong.

This study has conceptualized and quantified organizational culture in terms of widely shared and strongly held values. And suggested ADO has strong organizational culture leading to better organizational effectiveness. Similar was the approach of many other researchers. As a result of reviewing more than 100 studies in organizational behavior, sociology and anthropology, Deshpandé and Webster defined organizational culture as a "pattern of shared values and beliefs that help individuals to understand organizational functioning and thus provide them with the norms for behavior in the organization". Many other researchers e.g., Chatman and Jehn (1994), also proved this relationship between value and organizational culture.

Although several studies have focused on identifying the value dimensions that characterize an organization's culture, only a few have investigated the

extent to which an organization's values affect actual outcomes. Perhaps the key study addressing the linkage between organizational culture and performance was published by Deshpandé and colleagues (1993). Concentrating on Japanese firms, these authors found that higher levels of business performance were most closely associated with a market culture (that is, one that emphasizes the values of competitive aggressiveness and outcome orientation) and an adhocracy culture (one that emphasizes the values of flexibility and innovation). Other studies e.g., Marcoulides and Heck, (Ibid.) have simply concluded that the values that characterize an organization's culture significantly affect performance without specifying which values are most closely associated with an organization's outcomes. In this study it is attempted to list out which are the values which make an organization's culture strong that leading to better outcomes and are presented along with the analysis results..

## **5.4. Analysis as per effectiveness of the organizations**

The study also focused on the organizational effectiveness of the eight organizations represented by respective development projects in Kerala.

Middle and junior level managers' responses towards different criteria about their organization's effectiveness were analyzed for this. Eight qualitative aspects of organizational effectiveness were selected and measured to know the difference in the organizational effectiveness in authority centralized and authority decentralized organizations. The responses received on administering the instrument, detailed in chapter 4, among middle and junior level managers of the eight projects were analyzed. The analysis and interpretation of scores are presented in this section.

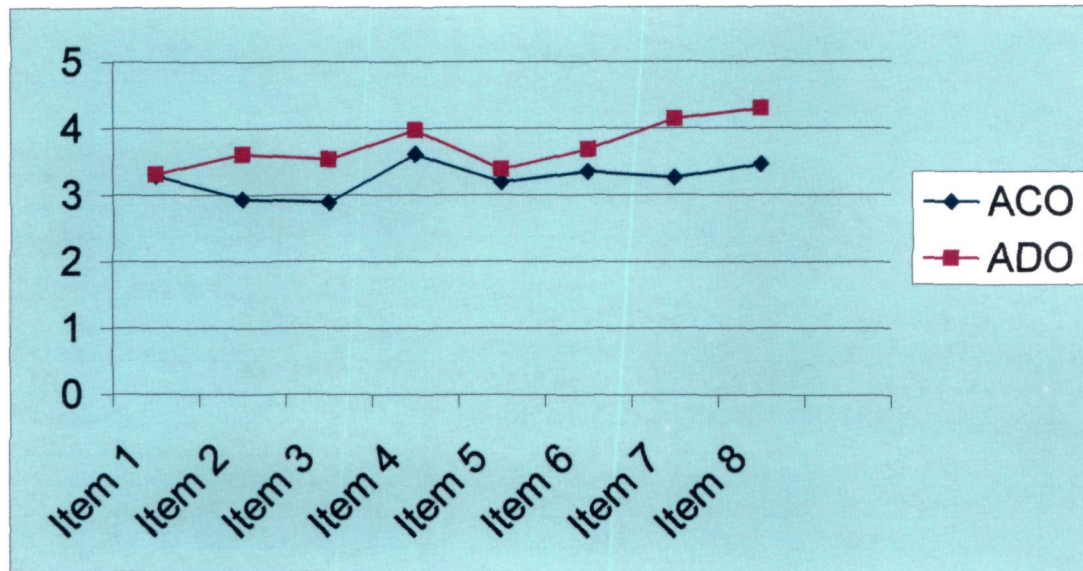
### **5.4.1. Analysis of effectiveness of the organizations**

For the purpose of analysis of effectiveness, the sample was categorized into two groups- authority centralized organizations (ACO) and authority decentralized organizations (ADO). The sampling unit with 132 respondents was selected by including middle and junior level managers. The mean responses of the eight organizations for 8 items in the questionnaire were separately found out. The analysis results are tabulated in Table 5.7 and explained in the following part.

**Table 5.7. Analysis results of responses for effectiveness (Items 1-8)**

Item	Mean		SD		t-value	p-value
	ACO	ADO	ACO	ADO		
	N=81	N=51	N=81	N=51		
Item 1	3.29	3.31	1.087	.992	-0.136	0.892
Item 2	2.94	3.61	1.229	1.070	-3.836	0.000
Item 3	2.89	3.53	1.272	1.063	-3.547	0.000
Item 4	3.61	3.97	.955	.619	-2.865	0.005
Item 5	3.19	3.38	1.128	1.043	-1.134	0.258
Item 6	3.35	3.68	1.395	.878	-1.786	0.076
Item 7	3.26	4.14	1.248	.669	-5.514	0.000
Item 8	3.46	4.30	1.049	.613	-6.238	0.000
<b>Total</b>	26.00	29.91	6.062	3.425	-5.042	0.000

**Fig.5.4. Item wise means of responses of organizational effectiveness in ACO & ADO**



The analysis reveals a significant difference on over all score as well as on some individual scores. The mean of organizational effectiveness for ACO is 26.00 and ADO is 29.91, tells that there is a significant difference.

Analysis regarding **item 1**, that is, 'efficiency in using resources' shows no significant difference ( $t=0.136$ ,  $p= 0.892$ ) between ACO and ADO. The mean scores for both the categories fall below average suggested that either in ACO (3.29) or in ADO (3.31) efficiency in using resources like man, materials and money is not satisfactory as per the assessment of the managers.

Normally organizational effectiveness is considered as the ability of an organization to obtain and use resources efficiently in order to realize the stated objectives and satisfying the interests of the stakeholders. But in case of development projects, the managers from both types organizations suggested that efficiency in using the resources is not satisfactory with almost similar mean score for ACO and ADO.

**Item 2** discusses with the ‘adaptability of the organization’, that is, the capacity to adapt to changing conditions outside the organization. The analysis results shows significant difference ( $t= 3.836$ ,  $p= 0.000$ ) in the effectiveness of ACO and ADO. The mean scores suggests that the managers in ADO find the organization more adaptable to the changing condition outside with a higher score of 3.61, which is at average than the mean for ACO (2.94), which falls below average.

The adaptability to changing conditions out side is really a test measure for the organizational effectiveness. As suggested by several approaches like systems theory approach, organizational effectiveness is defined by the capacity of the organization to adapt itself and grow. Organization’s ability to adapt to changing environment is identified in many of studies done in this area. Hence managers in development projects consider this criteria for assessing the effectiveness of the organization and responded that it is more in ADO making it different than that of ACO.

Analysis dealing with **item 3** reveals a difference ( $t= 3.547$ ,  $p= 0.000$ ) in the effectiveness of the organization in terms of the ‘coordination between various functions and units’ in the case of ACO and ADO. There is also a significant difference in the mean scores, 2.89 for ACO and 3.53 for ADO, which reveals that the efficiency through coordination between various functions and units is more in ADO.

This type of synergic effects is required for any organization to achieve higher performance. It is cleared from the fact that organizational effectiveness is more than the sum of individual or group effectiveness, because of the synergies realized through proper coordination between various functions. Hence it can be concluded that effectiveness of ADO in this area is more than that of ACO.



Analysis for **item 4**, viz., 'satisfaction of the beneficiaries on the service of the organization', the analysis shows a difference ( $t= 2.865$ ,  $p= 0.005$ ) in the effectiveness of the organization for ACO and ADO. Even though the mean scores for both ACO (3.61) and ADO (3.97) fall above average, there is remarkable difference between the means suggesting that the effectiveness is reasonably high in ADO.

As suggested by the system theory for organizational effectiveness, the satisfaction of the beneficiaries is an important criterion. Satisfying the interests of the stakeholders of the organization is important as per the multiple constituency approach to effectiveness. Hence, it is needed to conclude that the managers in ADO could realize better efficiency as they could satisfy beneficiaries of the organization more through their better services.

Analysis on **item 5**., regarding the 'effectiveness of communication within the organization', shows no significant difference ( $t= 1.134$ ,  $p= 0.258$ ) between ACO and ADO. The mean scores are 3.19 for ACO and 3.38 for ADO, almost same in both cases. This shows that communication effectiveness and effectiveness through this is comparatively low in ACO and ADO, which is much low in ACO.

Now a days communication in most corporate organizations has evolved from pedantic lectures to the sophisticated uses of high technology and employee interactions. At the same time it is revealed from the mean scores that communication effectiveness in development projects are less and similar. We need to assume that since the projects are only for short period, the top management may not take interest to establish the so called communication systems in development projects, thus causing the effectiveness to be week.

Communication between the employees and the management should be clear, open, and transparent. This is to facilitate the process whereby the employees are informed about all the activities of organization. The organization make it a point to keep open to everyone the discussions carried out in various meetings and future plans. The purpose behind this strategy is to dispel as much as possible unnecessary doubts and suspicions. Transparency in communication is an accepted way of life in all organizations, which is applicable to development projects also. Hence we need to find the reasons for the low effectiveness of the communication systems in development projects.

**Item 6** deals with the managers' 'ability to be innovative and making the organization innovative in terms of new services and methods'. Analysis shows no difference ( $t= 1.786$ ,  $p= 0.076$ ) between ACO and ADO in effectiveness through being innovative. But there is marginal difference between the mean scores. That for ACO (3.35) falls below average and for ADO (3.68) which is above average showed that ADO are more innovative than ACO.

This can be an impact of freedom given to the managers to be innovative as authority is given for risk taking and decision-making. But as revealed by the result, there is no significant difference between the two categories in this item.

The analysis on similar items in the previous sections also showed that there is a difference in the ability of managers for innovation in ADO through better degree of DA they receive. That is also reflected here with a slightly higher mean score for the item for ADO.

The analysis result for **item 7**, viz., the 'extent of team works in the organization' shows a difference ( $t= 5.514$ ,  $p= 0.000$ ) between the two

categories. The difference in the mean score is also very significant with 3.26 which falls below average and 4.14 for ADO which falls well above average shows that the effectiveness in extent of team work in ADO is very high and different than that of ACO.

As explained by earlier studies, e.g. Organization for Economic Cooperation and Development (OECD), teamwork is a requirement for high performance. OECD's argument ignores the output side and so cannot apply to volume production or standardized service provision. But is applicable to service providers like development projects. Project completion on right time by a team will be achieved only if team coordination is there. Therefore, this will be an indicator for effectiveness of development projects also. Hence, as the managers in ADO reveals there is better team coordination and also higher effectiveness in ADO.

Working in teams is not a new concept. But, the way it has been practiced in the organizations is noteworthy. Everyone believes that the synergy in teams would help in achieving higher results. Each team should have an objective to achieve and all the members are accountable for its achievement. In fact, everyone in the organization is aware of the team's activities and course of action. Better team coordination is required for this. Irrespective of who initiate the process, all the team members decide together the scope of functioning, determine the work that is to be done, distribute the load among the members, and share the joy of having achieved it together.

**Item 8** discusses about effectiveness measured through 'public image of the organization'. Analysis of the mean scores reveals significant difference ( $t=6.238$ ,  $p=0.000$ ) between ACO and ADO. The mean scores are also different with 3.46 for ACO and 4.30 for ADO. The mean score for ACO falls below average and that for ADO falls well above average.

Similar to other criteria like consistency in growth, reputation of the organization is also considered as important criteria of effectiveness of the organization. The high mean score for ADO showed that reputation and public image is higher for ADO which make it different from that of ACO.

The analysis of the over all scores reveals that there is significant difference ( $t= 5.042$ ,  $p= 0.000$ ) in the effectiveness of the managers in ACO and ADO. There is also difference in the mean scores suggesting that there is a difference in the effectiveness between the two type organizations.

***Thus, the null hypothesis Ho 04 stating that there is no difference in the organizational effectiveness between authority centralized organizations and authority decentralized organizations stands rejected. It also stands rejected for items 2,3,4,7,8. However, it stands accepted for items 1,5,6.***

#### **5.4.2. Interpretation and Discussion on Effectiveness of Organizations**

It is widely recognized that the effectiveness of an organization depends upon its ability to establish and maintain 'a good fit' between itself and its changing environment. Or it can be the degree to which it moves toward the attainment of its mission and realizes its goals.

In this study, it is required to measure the effectiveness of an organization so as to reach a conclusion connecting organizational cultural elements and organizational effectiveness of development projects. But as organizational effectiveness is difficult to measure (Daft, 2001), we do not have a common criteria to measure qualitative and quantitative effectiveness of the organizations.

This study considered public image of the organization as one criterion to gauge their organization's effectiveness. This was also suggested by Parasuraman, (1995) for measuring overall organizational effectiveness. But Daft (2001) commented that most contemporary managers believe that happy, committed and actively involved employees and a positive corporate culture are important measures of internal organizational effectiveness.

By analyzing the high mean score for adaptability in ADO, this study argue that organizational effectiveness could be measured by gauging the adaptability of the organization to the changing external environment. This argument got support from Saffold. According to Saffold (1988) effectiveness is a function of consistently translating and integrating core values and beliefs into constructive policies and practices. He adds that at the organizational level, organizational and cultural effectiveness are gauged by how competitive the organization's performance is.

This study underline the importance and need for an organizational culture where participation of employees is ensured at all levels and provides chances for innovation, authority decentralization, proper communication etc. This is what

was pointed to by Clayton and Petry (1998) in their study for suggesting success criteria for rural development projects.

In using the *Contingency approach*, 'Effectiveness (or lack of it) is a function of the values and beliefs held by the members of an organization'. The consistency resulting from shared beliefs provides a basis for planned, coordinated organizational action. In this study, it is found that values and beliefs are better maintained in ADO. Hence, effectiveness is also higher.

The Organization for Economic Cooperation and Development (OECD) views high-performance working only in organizations that are flatter, non-hierarchical structures, moving away from reliance on management control. Instead of that, teamwork, autonomous working based on high levels of trust, communication, involvement are suggested as yardsticks for organizational effectiveness. This view ignores the output side of the equation and hence cannot apply to volume production or standardized service provision. But it is applicable to service providing organizations and also for development projects. In the case of ADO with non-hierarchical structure, moving away from management control works with high level of trust, communication and employee involvement etc. are recognized to be more effective according to the OECD views.

Another view on the criteria for organizational effectiveness is given by Singh (2001). To her, performance may be at individual level, team or organizational levels. Project completion on right time by a team may be an indicator of team level performance. At the organizational level it can be assessed through consistency in growth, reputation among peers etc.. This stresses the importance of teamwork and coordination. As per the high means score for these items, the study also suggests that coordination and teamwork are necessary for high effectiveness for development projects also. This was proved earlier by Dobbs (1993), Hoer (1998) and Bagali (2001) also. This suggested that teamwork is an important element in organization's development.

In addition to support these findings, the present study concludes that the style of decentralizing authority affects not only the organizational culture but also employee performance, and the style of decentralized decision-making enhances staff performance. This is in line with the findings of Bagali (2002), as 'The unique feature of any winning organization is the decentralized decision-making style of management allowing involvement of staffs in decision-making'. As he suggested, 'The freedom given for decision-making makes employees extra cautious and careful'. This is what Sawyer (1988), also highlighted, that employees feel more accountable when empowered to take decisions without formal consent in the interests of the organization.

## **5.5. Analysis as per Association between degree of decentralization of authority and organizational culture**

Organizational culture and management style are in most cases not the same. In most discussions about the relationship between culture and performance, authors focus on values espoused by the senior managers, to a higher or lower degree shared by larger groups. However, management style is not necessarily very different from organizational culture. There are cases where management ideology powerfully impregnates cultural patterns (Javidan & Dastmalchian 1992), and management style is but one of the several expressions of organizational culture. But this needs to be empirically investigated and proved and not just be assumed.

In this study, the relevance of management style is that whether it allows decentralization of authority or not. Hence, management style refers to authority-centralized style or authority decentralized style.

### **5.5.1 Analysis of Association between decentralization of authority And organizational culture**

Upon analyzing various variables of organizational culture, it is found that organizations where authority is decentralized have stronger organizational culture. Before coming to such a conclusion in the case of development projects, this has to be proved statistically.

To find the correlation between degree of DA and organizational culture statistically, analysis of the data was done using the Chi-Square test to see whether the observed association between the variables is statistically significant. Coefficient of correlation was also found to confirm the association. Since p- value is less than 0.05 in both cases (P-value as 0.000 &



0.002), there exists a strong association between degree of decentralization of authority and organizational culture by virtue of wideness and frequency of value practice.

<b><i>Table. 5.8 : Chi – square test for association between Organizational Culture (wideness of value practice) And degree of Decentralization of authority .</i></b>			
	Value	df	Sig. (2-sided)
Pearson Chi-Square	21.430	4	.000

<b><i>Table. 5.9 : Chi – square test for association between Organizational Culture (frequency of value practice) and degree of decentralization of authority .</i></b>			
	Value	df	Sig. (2-sided)
Pearson Chi-Square	16.430	4	.002

Cross tabulation was conducted for measuring the degree of association between organizational culture as perceived by value practice and the degree of DA in the organization. Commonly used cross tabulation was used here because it involves a simultaneous counting of the number of observations that occur in each of data categories of two or more variables.

<b><i>Table.5.10 : Coefficient of correlation between degree of decentralization of authority and organizational culture (as per wideness of value practice).</i></b>	
Pearson Correlation	.629**
Sig. (2-tailed)	.000
N	132

\*\* Correlation is significant at the 0.01 level

Sig. ( 2-tailed ) value proved that the correlation between degree of DA and organizational culture (as per wideness of value practice) is significant.

<b><i>Table. 5.11: Coefficient of correlation between degree of decentralization of authority and organizational culture (as per frequency of value practice)</i></b>	
Pearson Correlation	.555**
Sig. (2-tailed)	.000
N	132

\*\* Correlation is significant at the 0.01 level

Sig. ( 2-tailed ) value proved that the correlation between degree of DA and organizational culture (as per frequency of value practice) is significant.

***Thus, the null hypothesis Ho 05 stating that there is no association between degree of decentralization of authority and organizational culture in development projects is rejected.***

### **5.5.2. Interpretation and Discussion on association of decentralization of authority and organizational culture.**

From the analysis, it is cleared that there exists a strong association between degree of DA and organizational culture.

Supplementing previous studies in this field, the findings of this also stress that there is a strong relationship between the value practice in the organization (here considered as organizational culture) and its nature, viz. whether authority is centralized or decentralized. Several studies, e.g. Bartol & Martin (1991), Srivastava (2001), also confirmed this. The common hypothesis about the role of organizational culture is that if an organization possesses a "strong" culture by exhibiting a well-integrated and effective set of specific values, beliefs, and behaviors, it will perform at a higher level of productivity (Denison, 1984). According to this, the effectiveness of ADO has to be high. And the conclusion from the analysis of organizational effectiveness also supports this.

The findings of the study are consistent with the approaches of a number of organizational theorists and findings of earlier studies (see, for example, Marcoulides & Heck 1993), which explain the strong relationship organizational culture with organizational effectiveness as several positive functions are served by culture. These include facilitating commitment to a larger whole, motivating employees to do the 'right' thing etc.. Organizations in which a culture of the 'right kind' has been developed will achieve a higher effectiveness (Ouchi, 1980), and for Wilkins and Ouchi, culture has a positive function. The present study supplements these findings by saying that authority decentralization can enhance practice of strong values and a strong organizational culture, equipping the organization for better effectiveness.

The findings of this study also supplements the study conducted by Kotter and Heskett of Harvard Business School (Ibid.) that a positive organizational culture will enhance overall performance of an organization. Because of the presence of good organizational culture, decentralized organizations could realize the full potential of employees as opined by Maheswari, (1994) and could convert their strengths to organizational achievements. Similar to the earlier studies conducted to identify success criteria or values that organizations admire, this study has also listed out some values that provided a sound organizational culture leading to high organizational effectiveness in the case of development projects, and are mentioned in section 5.3.2.

The study finds resemblance with the findings of Carrol and Hatakenaka (2001) and revealed that in the current environment, a centralized management would be inadequate for generating the best strategies, enough innovation, high quality or cost reduction. Managers must become more concerned with developing their people. This argument is in a different tune with that of Panday (1994), for whom managers' concern should be for formulating suitable policies, strategies etc.. But this study explains that such concern would improve staffs' attitudes and behavior with implications for change in the culture of an organization.

From the responses about the degree of DA, it is suggested that top management who consult with their middle and junior level managers and bring them to decisions work together as a team. They are neither autocrats nor free-rein managers who abandon their management responsibilities. Viewing similar situation, Rao, R. Nageswara (1998) asks a question – who will be responsible for the decisions taken if the managers abandon their responsibilities. But the findings of this study tell that they still remain ultimately responsible for the operation of their units as 'they checks and monitors the decision taken at lower level and cancels when ever is needed', but they learn to share operating responsibility with those who perform the

work. This is also echoed by Niechoff (1990). The result is that the employees feel a sense of involvement in group goals. Thus the management style that allows authority decentralization has become a managerial culture for better organizational culture.

The analysis of this study shows that, for managers, receiving opportunity for decision making and acting accordingly provides a greater sense of self-esteem, high degree of involvement and participation, learning environment, opportunities for personal growth and development and a greater sense of achievement. As proved by Pattanayak (2001), in such situations the culture in that organization will be strong enough. Replacing the 'fear and greed' hierarchy with a network of empowered managers create benefits like faster responses, employee orientation and favorable culture.

Research studies viz., that of Bagali (2001) have proved that a participative culture in organizations resulted in high productivity, almost nil employee turnover, a high level of satisfaction and also a high morale among employees. These organizations have fewer disputes and no internal problems, and the same has contributed to growth of the organization too through a strong organizational culture. One, to create a healthy work culture and organizational culture, has to practice employee participation at all levels in the organization. This was also proved by several other researchers like Foster (1992); Lawler and Bowen (1995); Bagali (2000, 2001).

In certain situations, managers from ADO experience a better and equal opportunity among others for participation in decision making, which is reflected in their higher scores. This proves the existence of a higher industrial democracy because of authority decentralization leading to a strong organizational culture. But Chander (1970) and Miles (1996) have put forward a slightly different view that an 'equal distribution of opportunities may not make an impact on an employee's morality'.

The study suggested a link between organizational culture and degree of DA, where as Tripathi, Kapoor, Tripathi (2000), who proved a link between organizational culture and organizational commitment.

Diesh (1997) has reported in her study of public sector managers that formalization and centralization dimensions of organizational structure are important predictors of organizational commitment. She did not suggested neither a positive nor a negative correlation between the variables. But this study suggested that centralization dimensions of organizational structure is an important predictor of organizational culture.

This finding as discussed by Saiyadain, (1977) also say that the level in which an employee performs or, in other words, the authority he receives also determines an employee's commitment to his organization

## **5.6. Analysis as per association between degree of decentralization of authority and organizational effectiveness**

Over the last few decades, there has been a global movement towards decentralized models of development as a means of promoting decision-making closer to those most directly implementing it. The main principles of decentralization are the promotion of bottom-up planning and full participation by all levels in a democratic manner.

The available literature tells that decentralization of authority so far practiced in the field of public administration has not thoroughly been accepted as a successful approach, but is still a subject of serious study. Based on the review of literature and discussions with employees of development projects, this study suggested that decentralization of authority is a must for development projects to succeed. However, it cannot be accepted until and unless statistically proved by data analysis.

Earlier studies have proved an association between organizational performance and other various factors. But the researcher could not find a study elaborating upon the relationship between authority decentralization and organizational effectiveness in development projects. Hence this study is intended to find out the relationship between degree of decentralization of authority and organizational effectiveness.

### 5.6.1. Analysis of Association between degree of decentralization of authority and organizational effectiveness

The association was tested with the help of the Chi- square test, cross tabulation and by finding out coefficient of correlation.

<i>Table.5.12: Chi-Square Test of independence between degree of decentralization of authority and effectiveness.</i>			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.151	4	.000

Asymp. Sig. (2-sided) value is 0.000. The results prescribe that effectiveness of organizations is dependent on degree of decentralization of authority.

<i>Table. 5.13: Coefficient of correlation between degree of decentralization of authority and organizational effectiveness</i>	
Pearson Correlation	.623**
Sig. (2-tailed)	.000
N	132

\*\* Correlation is significant at the 0.01 level

Sig. ( 2-tailed ) value proved that the correlation between degree of DA and organizational effectiveness is significant.

The researcher also found out the influence of degree of DA on organizational effectiveness by finding out the percentage of managers who falls under various groups as Highly Effective Group (HEG), Moderately Effective Group (MEG), Low Effective Group (LEG) in ACO and ADO, where degree of DA is low and high respectively. The results are explained here.



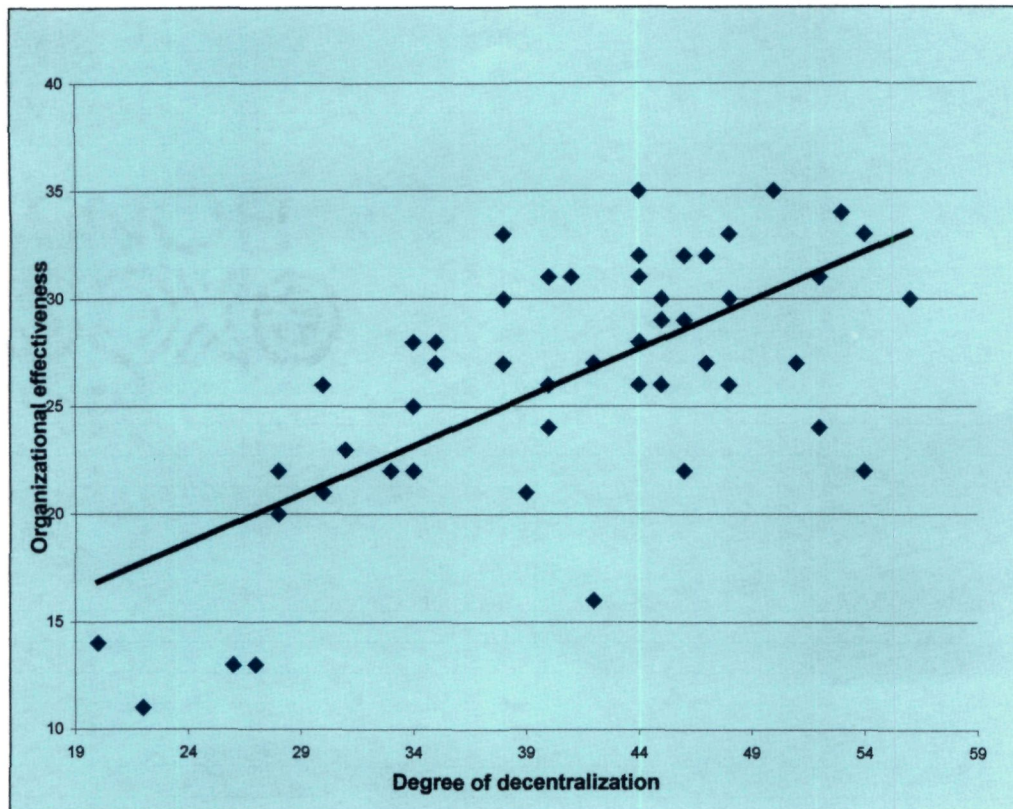
There are eight criteria for measuring the effectiveness in the instrument, having code 1-5, thus we calculate the sum of scores for these eight items. The minimum possible value is eight, and the maximum possible value is 40. Then we grouped the respondents into three groups according to the total score, i.e. less than 20 as Low Effective Group (LEG), 20-30 Moderately Effective Group (MEG), greater than 30, as Highly Effective Group (HEG). Then we found the percentage of respondents falling in these three groups from ACO and ADO.

<b>Table.5.14: Percentage of managers belonging to Different effectiveness groups in ACO &amp; ADO.</b>		
Type of group	% in ACO	% in ADO
LEG <20	41.2 %	10.8 %
MEG 20-30	34.2 %	36.5 %
HEG 30-40	24.6 %	52.7 %
Total:	100%	100%

It is found from the above table that the percentage of LEG is 41.2 % in ACO whereas it is only 10.8% in the ADO. In terms of HEG also there is remarkable difference between the ACO and ADO, as in the case of ACO the percentage of HEG is only 24.6 % while in the case of managers in the ADO it is 52.7 %, which means that more than half of the employees are highly effective. This strongly supports the argument that organizational effectiveness is strongly associated with nature of organizations regarding the degree of DA in that organization, and organizational effectiveness is higher in ADO.

This conclusion is graphically represented and confirmed using scatter diagram, drawn by applying data of (i) organizational effectiveness and (ii) degree of decentralization of authority. The diagram also strongly supports the above finding.

***Fig.5.5: Scatter Diagram showing association between Degree of Decentralization vs. Organizational effectiveness.***



The scatter diagram shows a positive correlation between the degree of decentralization of authority and organizational effectiveness. The correlation coefficient was calculated as 0.675, means 67.5% of the variation in organizational effectiveness has been accounted for by variation in degree of DA. It is clear that for every change in degree of decentralization of authority, there will be a positive impact on organizational effectiveness.

*Thus the null hypothesis Ho 06 stating that there is no association between degree of decentralization of authority and organizational effectiveness in development projects is rejected.*

### **5.6.2. Interpretation and Discussion on decentralization of authority and organizational effectiveness**

From the analysis, it can be concluded that the effectiveness of the organizations is directly proportional to the degree of decentralization of authority. Where a high degree of authority decentralization exists, organizational effectiveness is also high and vice versa. In this study, it is required to measure the effectiveness of an organization so as to reach a conclusion connecting practice of DA in the organization and organizational effectiveness in development projects.

The findings are in consensus with the findings of McClelland (1975) Herman (1975). David McClelland pointed out that because the workers reciprocate the authority they receive from the organization, those who receive more will reciprocate more by showing positive attitudes and job satisfaction and ultimately lead to high effectiveness. While Herman commented that the role of managers in planning and decision-making as a result of authority decentralization are directly related to effectiveness. Other studies viz., Schneider, Benjamin, (1987), showed that job involvement and organizational commitment are additional attributes that are positively related to authority level. Hence the findings of this study, with supports from earlier studies, strongly argue that authority decentralization in organizations will ensure better organizational effectiveness.

This study argue that if decisions are not taken with the involvement of the employees who are the implementing officers, then the goal-setting will not be realistic or meaningful. If expectations about achievement are too low, they will fail to ignite employees to act promptly when prompt action is required.

Earlier studies, e.g. Bennis and Nanus, (1985); Tichy and Devanna (1986), also have proved this. On the other hand, goals that are unrealistically high are frustrating too. Employees see little connection between effort and effectiveness. So their sense of self-efficacy will be diminished, leading to low effectiveness.

This study gets support from the conclusion of Mukundan (2000), as 'individuals and bodies commonly assert that decentralization can facilitate better management and governance and thus improve efficiency and enhance relevance'.

Another relevant study that supports the findings of the present study is that of Cosier and Dalton. In 1986, Cosier and Dalton discussed the Japanese style of management and identified certain attributes of organizational excellence that include the 'participative approach of decision-making', that matches the findings of this study.

This study, in consonance with earlier studies of Block (1987); Kanter (1979), Burke (1986); House (1989) concludes that a management style that 'fosters decentralization in decision-making enhances the effectiveness' by allowing employees to provide inputs and to part in taking decisions. This would truly signify the superiors' trust in their subordinates and respect for their views, both of which will improve the personal efficacy of the managers.

Earlier studies e.g. Denison (1984) emphasized the relationship between organizational effectiveness and decision-making styles of top management and supported the findings of this study. The strong-culture thesis has often assumed that commitment of employees and managers to the same set of values and beliefs will throw up positive results. Researchers adopting this hypothesis as Peter and Waterman (1982), Ouchi (1981) proposed new kinds of human relations involving employees in decision-making, allowing them

some discretion at the core of the organizational culture. The findings of Foster (1992); Lawler and Bowen (1995), Bagali (2000, 2001), exactly supporting the conclusions of this study. They argued that the staff's involvement in decision-making and their empowerment go hand in hand, and if one is to create a healthy workplace in the organization, has to practice the decentralized decision-making style.

The findings of the study suggest that any management style (with authority centralization and decentralization) has a strong relationship with the effectiveness of the organization. This partly complements the findings of Wunsch (1991), as he argued that the top management style contributes to a favorable organizational culture as the resultant participation and communication would bring about greater commitment, efficiency and growth in individuals. Frequently what is referred to as organizational culture is (as also suggested by Bedeian, 1993) that really stands for the ideas and visions prescribed by top management. The findings of this study also agree with this.

While Herman (1975) commented that the role of employees in planning and decision-making as a result of authority decentralization are directly related to their effectiveness. Other studies viz., Schneider (1987) showed that job involvement and organizational commitment are additional attributes that are positively related to authority level. Hence the findings of this study, with supports from earlier studies, strongly argue that authority decentralization in organizations will ensure better organizational effectiveness.

Conger and Kanungo, (1988); Hills and Mahoney, (1978); Pfeffer, (1981) have proved that employees who have a stake in authority are more likely to achieve their expected outcomes and those without authority are more likely to have their output controlled by the individuals who wield power. In their closing remarks, Conger and Kanungo called for an examination of empowerment practices, particularly as a tool for influencing and mobilizing

employees. This argument was shared by other researchers who have studied the subject (see for example, Bennis and Nanus, 1985; Block, 1987; Kanter, 1979; House, 1977).

In this study, the researcher has considered management practices and strategies alluded by Conger and Kanungo (Ibid.). Subordinates who are received a role in decision making interpret it as a reflection of the superiors' trust and confidence in them and their abilities. Smith (1982) also argued with a similar view, 'they (subordinates) build a higher expectation that their effort will result in the desired level of performance'. Bandura (1986); McClelland (1975); Conger and Kanungo (Ibid) cleared their views by suggesting that 'enhancing subordinates' belief in their own effectiveness can build their satisfaction with the organization. This can be an indirect reflection of higher degree of DA in the organization which lead to higher effectiveness.

Similar to the findings of Franke and Chasin. (1994) that decentralized systems should allow for a more wide-ranging sense of ownership of policies and programmes, this study suggested that lower-level employees are also accountable for results and move to higher posts, bringing an enthusiasm for the consensual and responsive modes of governance that tend to develop in decentralized systems.

But from a study to find out the relationship between organization and its beneficiary community, Jong, Loquai, and Soiri (1999) proved that decentralization also holds considerable promise for partnerships between organization and grass-root communities. Ramachandran and Dimri (Ibid.) stressed that if the development priorities in the plan could be based on the priorities given by all groups of employees. This study proved that the planning process would be participatory in the real sense of the term and would be ideal for development projects. In line with this conclusion and supporting to Maddick (1993), this study also reminds that the focus on multi-

level decentralized planning as a forceful developmental instrument is thus essential. Hence, a new organizational culture needs to be inculcated wherein employees take initiatives.

Fiske (1996) who suggested that 'central authorities should concentrate on setting goals, generating resources, targeting resources to meet special needs and monitoring performance, while everyday management is best devolved to lower level authorities'. Where as Bourgault and Dion, (1993) argued that organizations must emphasize meticulous micro-planning at all levels, from the total organization to the individual employee involved in the decision-making. This study's views are also matching with this and concludes that often planning ends with target setting and pays insufficient attention to how these targets are to be achieved. This is the primary reason for non-implementation of well-conceived plans.

There are also studies with a slightly different but similar conclusion of this study, which emphasized relevance of democratic leadership for organizational success. Suganthi and Samuel (2004) proved that to be successful, organizations should develop quality culture, which can be inculcated by spread of vision, proactive culture, satisfy others, value addition, mutual understanding and democratic leadership.

Another study, which suggested a relationship between organizational positions and organizational culture, is that by Nahta (1980). In this study, Nahta observed an influence of power on organizational culture as he found that different organizational positions have distinct cultures within the total culture.

The subordinates' view of themselves is significantly influenced by the signals they receive from their superiors. Positive signals from higher levels help to increase employees' self-confidence. This is supported by Bandura (1986) as

that when individuals are persuaded by others that they are capable of performing specific tasks, they are more likely to believe in their own abilities.

The results of this study also coincides with Gupta and Murari (2001) findings as he proved that empowerment results in greater productivity by employees. The process of empowerment is a tool for bringing out organizational competence.

This study suggested that the degree of DA given to those in lower managerial level results in higher employee commitment. Carlopio, and Gardner, (1995) were also proved this. In addition to this, the approach develops a feeling of ownership among the employees. They become empowered to measure and influence their individual success as well as the success of their departments and ultimately effectiveness of their organizations.

As suggested by Malayadri (Ibid.), in the voluntary organization of service sector, the effectiveness of the organization depends upon its employees. It is thus very crucial that the employees working in informal sectors have to become accountable for the decision taken by them and actions taken for implementing the decisions. Thus to achieve the goals of the organizations they have to be a party in the planning and decision-making processes. Venkatapathy (2000) and McClelland (1975) proved that stake in authority remains the greatest motivation for human beings as it is the ability to do better on their own. This study also concludes that the way to ensure success and a high efficiency of human resources is through DA.

Another study, which examined the difference between the impacts of authority centralization and authority decentralization, was that done by Bhargava and Kelkar (2000). The participants were managers, officers, and supporting staff of successful business organizations. In that study they found out that centralization was positively related to job involvement but negatively



to job satisfaction and empowerment. This negative correlation of centralization with satisfaction and empowerment indicated the importance of decentralization for managing employees in organizations.

Researches indicated that as an organization grows, so does pressure for decentralization. As noted earlier, a greater formalization in large organization permits the decentralization of routine decisions because rules tend to define decision-making parameters, so that decisions can be made at lower levels without a loss of control. Thus, it would appear that a key to successful decentralization is to have some mechanism in place to ensure conformity with organizational norms, rules, values and roles in the decision-making process. This conclusion tends to be supported by the work of William Ouchi in his classic Theory Z (Ouchi, 1981).

Thus, as proved by Samoff (1990), a focus on multi-level decentralized planning and decision-making as a forceful development instrument is essential. Various action research groups like MARG also concluded that sustained development can only be achieved when power to function are given to its members at the implementation level (Sharma, 1996).

The results are in line with Mahesh's (1993) conclusion of intrinsic motivation for organizational excellence. He states that intrinsic motivation leads to relatively superior performance. Whereas the finding of this study get more support from Winter (1973) for whom satisfying one's ego is an important aspect of employee motivation leading to higher effectiveness. Here the higher degree of DA satisfy one's ego and make him more effective.

**Chapter 6**

**Major Findings &  
Directions for Future Researches**

**6.1. Highlights of the Findings**

This study established that middle level and junior level managers in development projects observe a difference in the degree of decentralization of authority allowed to them and thus suggested the existence of two types of organizations by virtue of the difference in the degree of decentralization of authority, viz., authority centralized organizations and authority decentralized organizations.

Organizational culture prevailing in these organizations is also different by virtue of the difference in the degree of decentralization of authority and reportedly being different in the wideness and frequency of values practiced in the organizations. And also a difference in the type of values for which importance is being given in the two types of organizations.

The study also reported that organizational effectiveness of the two types of organizations is different implying the impact of difference in the organizational culture prevailing in them.

It is reported that degree of decentralization of authority and organizational culture in development projects are strongly associated, so also degree of decentralization of authority and organizational effectiveness.

## **6.2. Major Findings**

In the previous chapter, we have presented the analysis and interpretations along with discussions to understand the link between degree of decentralization of authority-organizational culture –organizational effectiveness of development projects in depth. The major objective of the study was to find out the difference if any in the degree of decentralization of authority which is observed among the middle level and junior level managers in development projects, and also the difference in the prevailing organizational cultures and organizational effectiveness because of the difference in DA. Exploring the association between these elements was also an objective of this study. The findings are accordingly grouped and presented as follows.

### **6.2.1. Findings related to the selection of projects for the study**

- The results showed that among the 13 projects considered for selecting for the study, 8 organizations had a dominant culture - either democratic culture or autocratic culture. Others did not have a prominent cultural identity but have a mix of various elements.
- Majority of organizations had twin nature, even though one nature dominates, there is the presence of other nature of extremely opposite element, viz., democratic with a small degree of autocratic nature or autocratic with a small degree of democratic nature.
- Out of the 8 projects marked with a prominent cultural identity, 5 projects showed remarkable degree of autocratic nature and 3 of them showed remarkable degree of democratic nature.

- Out of the 8 projects identified for the study, the number of projects with authority centralization culture is found to be more, which can be the general trend among development projects.

### **6.2.2. Findings related to the nature of authority decentralization**

- Among the 20 situations considered in the study for analyzing the difference in the degree of decentralization of authority, it is found that in 15 situations the managers in ADO enjoys more degree of decentralization of authority than in ACO. In 4 situations managers in ACO receive more degree of decentralization than in ADO. In 1 situation both the managers receive similar degree of decentralization of authority. It is clear that managers in ADO have higher degree of decentralization of authority.
- Areas in which the managers in ADO experience more degree of decentralization authority are as follows.
  - involvement of middle and junior level managers in planning goals & targets and implementation of the activities,
  - functional freedom given by the top management to the employees to be innovative,
  - empowerment with power given to take up responsibilities,
  - transparent policy for decision making & implementation, and
  - resource allocation with matching freedom.
- Areas in which the managers in ACO lack degree of decentralization of authority are as follows.
  - in taking decision and using fund without prior permission in good faith for the benefit of organizations,
  - freedom to access funds for activities which are given to them,

- role in administration,
  - relying upon lower level decision- making,
  - freedom for functionalization with accountability.
- The unique feature of a decentralized organization is found to be the feeling that all are equally voiced in the organization's future, and the entire resources put together to help in the building process of the organization and bring out the best in employees.
- The positive consequence of authority decentralization is that senior managers express their trust in their subordinates and in their abilities. Such an attitude helped to empower the employees and led to a better organizational culture and effectiveness.
- The middle and junior managers are allowed to take decisions related to their jobs, and thus to 'own' the problem. The initiative of 'owning' on the part of the managers led to a positive working environment, as well as the same provided for nurturing, creating and maintaining a cohesive working environment in development projects.
- The above-mentioned approach also led to reduction of 'job-induced' stress factors.

### **6.2.3. Findings related to the nature of culture in the organizations by virtue of value practice**

- For 16 cultural values which were identified for analyzing the cultural difference between ADO and ACO it is found that for 13 values the managers in ADO practice the value more widely than the managers in ACO. Only for 1 value the wideness of value practice by managers in

ACO is higher than in ADO. For 2 values the managers from the both organizations practice with similar wideness.

- Regarding the frequency of value practice also the managers in ADO practice more frequently 13 values, where as managers in ACO practice 2 values more frequently than managers in ADO. For 1 value both the managers showed similar frequency.
- The results showed that the organizational culture in ADO (by virtue of value practice) is stronger than in ACO as managers in ADO practice more number of values that too more widely and frequently than the managers in ACO.
- The values that lead to strong culture are as follows.
  - aim at the organization's success and growth while taking up a work,
  - involve all the concerned persons to participate in the decision making process,
  - encourage, provide opportunity and support for creativity and innovation,
  - be prompt and time conscious in executing a job,
  - recognize the self respect of every one

#### **6.2.4. Findings related to the effectiveness of the organizations**

- Organizational effectiveness of ADO and ACO are different. Organizational effectiveness of ADO is higher than that of ACO.
- ADO are found to be more effective in all the eight areas considered for measuring effectiveness.

- It is found that in ADO more than half of the managers (52.7 %) belong to high effective group (HEG). Only a small portion (10.8 %) falls in low effective group (LEG).
- In ACO about half of the managers (41.2 %) belong to low effective group (LEG).
- ADO is found to be more adaptable to changing conditions.
- It is also found that employees in decentralized projects are happy, committed and actively involved in activities, and these organizations' internal effectiveness is higher than the projects where authority is centralized.

#### **6.2.5. Findings related to association between degree of decentralization of authority and organizational culture**

- Degree of decentralization of authority in the organization and culture of the organization are strongly associated and positively correlated.
- Authority decentralization can enhance practice of strong values and a strong organizational culture, equipping the organization for higher effectiveness.
- There is a strong relationship between organizational culture and values as several positive functions are fulfilled by the value enriched culture. These include facilitating commitment and motivating employees to do the 'right thing'. Organizations those are covered under this study in which a culture of 'right kind' has been developed, have achieved high performance.



#### **6.2.6. Findings related to association between degree of decentralization of authority and organizational effectiveness**

- This study found that degree of decentralization of authority and effectiveness of the organization are strongly associated and positively correlated.
- Due to the presence of strong organizational culture, the decentralized organization can realize full potential of employees and convert its strengths to organizational achievements.
- The role of managers in planning and decision-making as a result of authority decentralization is directly related to effectiveness of the organization.
- The higher degree of DA given to those in lower managerial level results in higher employee commitment which developed a feeling of ownership among them.

### **6.3. Implications of the findings**

The findings of this study have several implications for practicing managers. Management style, being a central concept in all-managerial functions, should be considered as a construct that has many dimensions to be explored and strengthened. This study by exploring the impact of management style characterized by authority decentralization recommend the same as a vital input for any new generation organizational set ups.

Certain other dimensions such as employee participation in decision-making process and employee empowerment are abundantly relevant in the contemporary organizational environment. Individuals in general and organizations in particular are likely to gain extensively if organizational priorities such as building strong culture, defining clear roles and authority for employees in the organization etc. are built up in the organizations.

How to define managerial roles is also crucial for the existence of organizations because there is a linkage between what organization decides as its own priorities and how effectively lower level managerial effectiveness is shaped up to attain the defined goals. Hence, the conclusions of the study covering all these variables will be definitely useful for the organizational development process of development projects.

#### **6.3.1. Implications for practicing decentralization of authority**

To facilitate the development of a culture of high effectiveness, a new organizational structure is recommended. The aim of that restructuring is to reduce centralization of authority at top management and maintaining hierarchy. In this new structure decentralization of authority does not mean that decision-making power has been shifted from the top to the bottom absolutely, which may be spread to the lower levels. The spreading needs to

have both vertical and horizontal dimensions. Decision-making units can be created different levels closer to the implementation, where the units are inter and organically linked to each other and are not independent. In such situations, problems of project implementation could be solved easily.

Sharing of power will increase employees' say over functioning, control and the likelihood of success. The increased probability of success will in turn lead to a higher degree of satisfaction and greater loyalty to the organization. Thus the degree of decentralization of authority impact and help to increase performance of the organization by providing a healthy organizational culture.

For development projects, control over the implementation of work needs to be smooth at every level of the organization. Problem-solving and decision-making capacities need to be adequate. The staff members should feel empowered for taking necessary decisions and to solve problems before they become big issues. Thus problem-solving and decision-making mechanisms are to be in place and to be timely.

Based on the results, this study suggests a few practices of top management to improve participation of employee in middle and lower managerial level

- Ask employees' opinion that involves particular work.
- Give opportunities to use abilities and experience of employees.
- Encourage employees for new idea about work.
- Introduce change in work by consulting with the employees.

The most important concept of authority decentralization is to delegate responsibility to lower levels in the organization, thus to empower lower level managers. Stressing the relevance of employee empowerment in organizations, this study suggests certain managerial practices for imparting employee empowerment in development projects, viz.

- Allow employees to make decisions in their jobs.
- Allow employees to make urgent decisions necessary for the work.
- Encourage employees to find better ways of doing work.
- Allow work teams to make changes to improve way of doing work.
- Give opportunities to improve job skills.

Subordinates who are empowered interpret it as a reflection of the senior manager's trust and confidence in them and in their abilities. They also build a higher expectation that their effort will result in the desired level of effectiveness. Both outcomes will result in a positive perceived structure of reality, enhancing lower level manager's belief in their own effectiveness and their satisfaction with the organization.

### **6.3.2. Implications of findings of decentralization of authority-organizational culture- organizational effectiveness link**

A strong culture is one that is internally consistent, where values are widely shared, and makes it clear what it expects and how it wishes people to behave. There is a strong relationship between the values practiced in an organization and the pattern of authority distribution within it. If more good values that recognize decentralization of authority are practiced, then the organizations will have a strong culture.

It is recommended that a high-performance culture in an organization may be brought about through the practice of values within the organization. The organizational values help in developing positive attitudes and commitment that are likely to exert a positive influence on performance and productivity. It is believed that an improvement in any one of the characteristics of the organization will produce corresponding improvements in one or more of the characteristics of culture, such as commitment, motivation etc.. At the same time, improvements in the values of individuals who receive a share in

authority within the organization will also be evidenced with positive impact on the culture of the organization.

### **6.3.5. Conclusions**

It may be appropriate to point out that as we entered into the twenty-first century, the conventional service sector had an altered and reduced role. There will be fewer organizations of permanent structure and employees will perhaps halve. The chances for development projects will go up. Nonetheless, for effective performance of new tasks, it will need contemporary, lean, decentralized, and flexible structures. Strong results and performance orientation are tied to a new work culture that emphasizes decentralized planning and decision-making, good teamwork and efforts for higher productivity using all resources that may be pooled for development projects.

The major responsibility for this transformation rests on the top management of development projects who must initiate, direct and manage changes in response to the felt needs and anticipated future trends. A key lesson experienced is that every employee should willingly participate in the process of decision-making, planning, and implementation of the project actively.

When an impersonal procedure-bound approach is taken by the top management, most of the employees in the middle and junior managerial level feel unappreciated, ignored, or even hurt by the organizational systems. As a result, very few people believe that they have a 'say' in the decision-making or goal setting process, and hence only respond to the specific demands in their narrowly defined roles and authority.

Employee development does not take place when managers in lower levels are confined to narrow roles which makes them unfit for the larger roles over a period. In such situations, we cannot expect self-efficacy in them. This is what

is reported in the case of managers in authority centralized development projects.

#### **6.4. Directions for Future Research**

Despite the strong findings, this work needs to be regarded as only preliminary in the case of organizations like development projects, as studies are very rare in this field. There are a number of issues that could not be covered under this study because of myriad reasons. They need to be studied in detail and hence are included here as follows:

- ❑ To ensure generalization of the findings, we need to replicate the study in a variety of organizations in different organizational set-ups.
- ❑ This research focused only on the impact of different patterns of micro-level behaviors of employees of a similar cultural background. Currently, as there are many officers from different cultural backgrounds working in the development sector, there are unexplored research opportunities for analyzing the influence of multi-cultural team members from different cultural backgrounds on the culture of the organization.
- ❑ Due to the lack of time, the study has explored only the impact of decentralization of authority in decentralized and centralized organizations. The impact of centralization of authority is not explored. However, a mere focus on decentralization can imply neglecting the useful aspects of centralization. More exploration is needed related to advantages and disadvantages of authority centralization and decentralization processes. Future studies can focus on their applicability to organizations other than development projects.
- ❑ During the analysis it is found that managers with work experience and service do not mind much about whether authority decentralization is there or not. But novice managers need a role in the decision-making process. Since analyzing the relationship between age and experience of managers with sense of participation was not subject matter of this study, the present

study did not touch upon that area. Hence, there is substantial scope of extension in this regard.

- During reviewing literature regarding decentralization of authority and sharing experience with the managers in development projects, some other elements were also appeared to be influencing the culture of the organization and effectiveness of the organization, which are directly or indirectly related with authority decentralization. They are management style, employee empowerment, and employees' sense of participation in decision making etc.. These associations can also be further explored.
- In this study, practice of values was identified as the predictor of organizational culture. Analyzing culture in development projects using other parameters can be a major class of studies in future.
- In this study only qualitative aspects of organizational effectiveness (functional performance) was considered. Hence, further researches can be extended to compare the effectiveness in quantitative terms (financial performance) also.



### **List of Abbreviations and Acronyms**

1.	ADB	Asian Development Bank
2.	ACO	Authority Centralized Organizations
3.	ADO	Authority Decentralized Organizations
4.	DA	Decentralization of Authority
5.	DFID	Department for International Development
6.	DP	Development Projects
7.	DPEP	District Primary Education Programme
8.	EU	European Union
9.	GP	Grama Panchayat
10.	HEG	High Effective Groups
11.	HDI	Human Development Index
12.	ICT	Information Communication Technology
13.	IKM	Information Kerala Mission
14.	KERAFED	Kerala Kerakarshaka Sahakarana Federation
15.	KRWSA	Kerala Rural Water Supply and Sanitation Agency
16.	LEG	Low Effective Group
17.	MARG	Multiple Action Research Group
18.	MED	Micro Enterprise Development
19.	MEG	Moderately Effective Group
20.	NAPC	Nadukkara Agro processing Company
21.	OECD	Organization for Economic Cooperation and Development
22.	ODA	Overseas Development Assistance
23.	PACS	Primary Agricultural Cooperative Societies
24.	SAF	Social Action Forum
25.	TDP	Tonnes Per Day

26.	UNDP	United Nations Development Programme
27.	UPAD	Urban Poverty Alleviation Department
28.	VFPCK	Vegetable and Fruit Promotion Council Keralam

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## **Annexure (1-3)**

### **Annexure- 1/ Organizational Culture Profile (Developed by Udai Pareek)**

**Name:**

**Designation:**

**Organization:**

**Date:**

This instrument is designed to find out some of the values, beliefs and practices of organizations. Below are given eight sets, each containing four statements. Please read the statements in each set and then rank-order them. Give rank **1** to the statement, which describes your organization most closely or accurately. Give rank **2** to a good description of your organization; rank **3** to a statement not so true of your organization; and rank **4** to the statement, which is least true of your organization.

There are no right or wrong answers. Please rank all sets.

#### **Set 1**

- a. No consideration is given to values in this organization.
- b. Values are not shared in the organization
- c. Values are shared only at the top level.
- d. Organizational values are widely shared in the organization.

#### **Set 2.**

- a. The size of a room, and its furniture, is according to a person's rank
- b. Each senior member has a room with a large table and space for holding meetings.
- c. Generally, smaller tables are used by managers.
- d. Large working tables are used here.

#### **Set 3.**

- a. The dominant belief here is that things don't happen; you make them happen.
- b. The belief here is that most things depend on the top management.
- c. people believe that the major constraints are managerial.
- d. People believe there are too many external constraints, which are difficult to fight.

#### **Set 4.**

- a. The leaders here expect to be implicitly obeyed.
- b. The leaders here are role models for their people.
- c. People are expected to follow the proper channels that have been laid down.

-----d. In, meetings, seats for those at the top are fixed. Generally, meetings are not held  
without top managers.

**Set 5.**

-----a. In meetings, people sit wherever they can find place.  
-----b. People are indifferent to meetings and try to avoid them.  
-----c. There is an implicit hierarchy in the seating pattern at meetings.  
-----d. in meetings, seats for those at the top are fixed. Generally, meetings are not held  
without top managers.

**Set 6.**

-----a. The customer is regarded as a most important person here.  
-----b. A good product is given the highest importance.  
-----c. Rules and regulations are given high importance.  
-----d. The chief Executive is the most important here.

**Set 7.**

-----a. Most communication is generated at the meetings of top people.  
-----b. All communication is in writing, and through memos.  
-----c. There is not much work- related communication among people.  
-----d. People communicate with one another to solve problems.

**Set 8.**

-----a. A lot of attention is given to updating technology.  
-----b. The top management have parties to celebrate good performance of the organization.  
-----c. High performance is celebrated, with everybody joining in.  
-----d. People are busy streamlining rules and regulations.

## **Annexure 2 - Degree of Decentralization of Authority**

(Adapted from 'Contemporary Management, 1991, Developed by Durbin)

This tool is intended to measure the degree of decentralization of authority in your organization viz. how are the power and responsibilities in functional, financial and administrative matters are shared with the lower ranking levels, what is the role of the lower ranking levels in determining the goals and targets of the Organization etc.. Certain situations depicting the impact of decentralization of authority are given and you are requested to mark each statement by putting 5 for the statements which you strongly agree, and 4 for Agree, 3 for undecided, 2, disagree, 1 for strongly disagree to show how you feel.

No.	Situation	Rating
1.	People are allowed here to involve in planning the goals & targets of the organization and implementation of the activities.	
2.	Roles in this organization are negotiated with the role occupant.	
3.	Employees involve themselves in various activities of the organization with responsibilities.	
4.	Decisions of launching new activities are done by discussing with staff.	
5.	Resource allocation in the organization is done with matching freedom.	
6.	In this organization people are glad to take responsibilities because they are empowered with the power also.	
7.	In this organization people do not fear about finance for their work.	
8.	In this organization people have freedom for fictionalization with accountability.	
9.	Here people are free to decide to access funds for activities which are given to them.	
10.	People here do not find any difficulty to access fund for the activities which they are responsible.	
11.	Our organization has a transparent policy for decision making & implementation.	
12.	People are allowed to take decision and act accordingly using fund without prior permission in good faith for the benefit of organizations in emergencies.	
13.	Top Management gives functional freedom to the employees to be innovative.	
14.	Employees in this organization have no role in administration.	
15.	Employees are not clear about their roles in the organization.	
16.	Very few decisions are made at lower levels in the hierarchy.	
17.	The decisions made at lower levels are not at all important and do not have any impact on organizational success.	
18.	Some times various functions, viz. production, finance, personal etc. rely on lower level decision- making.	
19.	The top Management always monitors & checks up on lower level decision making.	
20.	Some times the top management cancels the decision taken by lower level.	

### **Annexure- 3/ Organizational Culture and Organizational Effectiveness**

(Constructed by D. Amarchand and B J Jayaraj )

The questionnaire consists two sections.

**Section 1** consisting twenty two value statements used for identifying the cultural pattern, including two responses, Each statement given described a behaviour reflecting a VALUE OR ATTITUDE expected to be practiced by an executive in his/her every day working life in your organization. You are requested to indicate two kinds of responses for each statement. **Response 1:** How widely is each VALUE or ATTITUDE are reflected in each statement being practiced by various persons working in the organization, taking into account your boss, your subordinate, your colleagues all put together. **Response 2:** How frequently is each VALUE or ATTITUDE as reflected in each statement being practiced by them.

**Section 2.** Used for measuring the organizational effectiveness level consisting eight statements representing the variables of efficiency in the used, to available resource, adaptability, co-ordination within an organization, innovation, team work and public image of organization.

No.	Statement about overall performance	Very low	Low	High	Very High
1.	Efficiency in the use of available resources, like man, material, money				
2.	Capacity to adapt to changing conditions outside the organization due to competitors, customers etc.				
3.	Co-ordination between various functions and units.				
4.	customers satisfaction of the organizations services.				
5.	Effectiveness of communication within the organization.				
6.	Organization's ability to innovate in terms of new services, new methods etc.				
7.	The extent of team work at the top level management.				
8.	Public image about organization's service.				

### Section I

Statements of expected behaviour reflecting a VALUE or ATTITUDE		Resp.1. How widely is each value/attitude being practiced in this organization			Resp.2 How frequently is it being practiced by them		
		by almost all persons (81-100%)	by most persons (61-80%)	by many persons (41-60%)	by some persons (21-40%)	by a few persons (1-20%)	Some times occasionally
Be prompt and time conscious in executing a job		{ }	{ }	{ }	{ }	{ }	{ }
Take up challenging tasks and have them done with a sense of achievement		{ }	{ }	{ }	{ }	{ }	{ }
Recognize the self respect of every one		{ }	{ }	{ }	{ }	{ }	{ }
Support risk taking even if it result in failure		{ }	{ }	{ }	{ }	{ }	{ }
Involve all the concerned persons to participate in the decision making process		{ }	{ }	{ }	{ }	{ }	{ }
Adopt honesty as a pre requisite for a long and successful working life in the company		{ }	{ }	{ }	{ }	{ }	{ }
Aim at perfection in work		{ }	{ }	{ }	{ }	{ }	{ }
Encourage and provide opportunity for professional growth of individuals in consistence		{ }	{ }	{ }	{ }	{ }	{ }
with company goals		{ }	{ }	{ }	{ }	{ }	{ }
Keep an open mind in listening to others		{ }	{ }	{ }	{ }	{ }	{ }
Encourage and provide opportunity for Support creatively and innovatively		{ }	{ }	{ }	{ }	{ }	{ }
Follow meticulously company rules and procedures in all work undertaken		{ }	{ }	{ }	{ }	{ }	{ }
Aim at the company's profits and growth while taking up a work		{ }	{ }	{ }	{ }	{ }	{ }
Have a sense of fairness to all concerned in dealing with people		{ }	{ }	{ }	{ }	{ }	{ }
Be accountable for one's own action and the resulting performance		{ }	{ }	{ }	{ }	{ }	{ }
Aim at maximum efficiency by optimizing a valuable resource.		{ }	{ }	{ }	{ }	{ }	{ }
Recognize the personal freedom of individual in organising and executing their work		{ }	{ }	{ }	{ }	{ }	{ }